Doing Business In Canada:

A Country Commercial Guide for U.S. Companies

4/19/2005

Chapter 1: Doing Business In Canada

Market Overview

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In 2004, two-way trade in goods and services between the United States and Canada amounted to US$446 billion, which was larger than total US trade with the entire 15-country European Union. In fact, the US-Canada trade relationship is the largest economic relationship that has *ever* existed between two nations.

The Canadian economy continues to grow moderately and is expected to expand during 2005. Private consumption is forecast to remain strong in 2005, due primarily to real growth in wages. Unemployment remains at about 7%--higher than the U.S., but still considered to be acceptable by local economists. Since the U.S. Dollar is trading about 30% below its high point from two years ago, there is concern that Canadian exports will suffer. Conversely, the low dollar is a boon to many U.S. exporters who now see a strong competitive advantage for their products.

Canada's economy will continue to generate demand for US goods and services of all kinds. Last year, Canadians consumed over US$ 6,000 per capita of American goods. Growth in the information and communications technology, biotechnology and other high-tech sectors, and oil and gas sector will provide particularly good opportunities for US exporters. For Canadian companies upgrading their plants and equipment, as well as for those constructing new facilities, the United States is a principal source of new machinery and technology. This is especially true with the current low dollar. US companies will continue to find Canada an extremely attractive and accessible place to do business.

Business opportunities in Canada cover the full range of industrial and agricultural sectors and include virtually every commercial activity. This will be covered in the appropriate chapters.

As is evident from these statistics, Canada is the most accepting market in the world for U.S. goods. Because of this, we recommend that American companies **"Think Canada First"** when planning their export strategies.

Market Challenges

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Canada's market is one of the most accessible in the world for American goods. Because of the North American Free Trade Agreement, American made products enter Canada duty free. While paperwork and recording requirements may seem onerous, most exporters find that, with a little experience, they can master the required documentation. In addition, for small exporters, there are many freight forwarders, and similar service providers, who can handle the formalities.

For a few products and services, American companies have experienced difficulties in import. Recent studies, however, show that approximately 99% of all trade passes the across the border without incident or without controversial trade restrictions.

Some American companies have had difficulties with Canadian tax laws. Under certain circumstances, U.S. exporters have been required to pay withholding taxes, General Sales Tax (GST) or Provincial Sales Tax (PST). Of course, Canadian companies must also pay GST and PST, but they have procedures in place to do this, whereas many American companies do not. There are strategies to minimize the impact of these taxes on U.S. exporters, but these may vary on a case-by-case basis. We suggest you ask about taxation before you attempt to export. Chapter 9 lists contacts that can provide assistance.

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Canada has a population of roughly one tenth that of the United States and the Canadian economy mirrors the US economy in about the same ratio. In many respects, the two countries have developed along similar lines. This has made Canada an ideal export and investment destination for American companies looking for an environment and marketplace most similar to their own. We believe that for export-ready US firms, or for companies that are just beginning to think about exporting, Canada is the logical first choice. Its business practices and attitudes are more similar to those in the United States than are those of any other country in the world. For US companies that already have some Canada experience and are exploring new opportunities in the country's diverse regional markets, geographical proximity reduces time and expense. NAFTA offers tariff-free benefits for US-produced goods. Add the advantages of congruent time zones, a straightforward regulatory regime, and a common language, and doing business in Canada simply makes good sense.

Cultural and historical ties, and strong awareness of business and technological developments in the United States are also key factors contributing to the enormous volume of sales of US goods and services in the Canadian market. Third-country competition tends to be far less prevalent in Canada than in most other international markets. NAFTA tariff benefits boost the advantages that US exporters already have in the Canadian market, compared to their competitors from Europe, Asia and elsewhere.

In general, Canadians have strong national pride and will often favor Canadian products over US products if price and quality are similar. Nevertheless, US firms that can offer technical, cost, or product advantages over locally produced goods can do as well in the Canadian market as they can in the domestic American market.

Market Entry Strategy

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The US Commercial Service encourages American firms to come to Canada to participate in one of a variety of low-cost market entry programs offered by the US Government. There are a variety of events and programs to bring American companies together with Canadian firms. (Please see Chapter 10 for a complete list of trade services).

For additional information on the Canadian market, please contact the US Department of Commerce Export Assistance Center serving your area or the Commercial Service of the US Embassy in Ottawa, Canada. Chapter 10 contains complete contact information.

US exporters seeking general export assistance and/or country-specific commercial information should contact the Trade Information Center by Tel: (800) 872-8723 or (202) 482-0543, or by Fax: (202) 482-4473. Information for US exporters is also available at the following websites: http://www.export.gov/comm._svc, and http://www.tradeinfo.doc.gov/.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2089.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Distribution channels in Canada vary greatly according to the products and commodities involved. Large industrial equipment, for example, is usually purchased directly by end-users. In contrast, smaller equipment and industrial supplies are frequently imported by wholesalers, exclusive distributors, or by manufacturers' sales subsidiaries. US firms have historically preferred to appoint manufacturers' agents that regularly call on potential customers to develop the market.

Many sales agents expect to work on a two-tier commission basis. Agents receive a lower commission for contract shipments and a higher rate when purchases are made from the local agent's own stocks. Consumer goods are purchased by importing wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and many large, single-line retailers. Manufacturers' agents play an important role in the importation and distribution of consumer goods. In addition, the importance of department stores, mail-order houses and cooperative purchasing organizations as direct importers has increased substantially. Many of these groups have their own purchasing agents in the United States.

For assistance in identifying appropriate agents and distributors in Canada, US companies are advised to contact the Export Assistance Center serving their area to request the International Partner Search (IPS) or Gold Key Service. To locate the nearest office, please call the US Department of Commerce's Trade Information Center at the toll-free number: 1-800-872-8723, or check the US Commercial Service website: http://www.export.gov/cs

Establishing an Office

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Incorporation in Canada is a straightforward and inexpensive procedure, accomplished federally under the Canada Business Corporations Act, or provincially under provincial corporate statutes. The major differences between incorporating federally and provincially are: the need to publicize financial statements; fees; and turnaround time on the incorporation process. Incorporating federally allows companies to conduct business in any province, although the corporation may still be required to pay a license or registration fee in some provinces.

A flat fee of C$500 (approximately US$425) is charged to incorporate federally. Fee structures vary among the provinces, although most provinces charge approximately C$200-300. An average of three-four weeks is required to process an application. Information on incorporating federally under the Canada Business Corporations Act can be obtained from Industry Canada's Corporation Branch. Visit their website for more information: http://strategis.ic.gc.ca

As indicated above, a company incorporated under the laws of one province must register to operate in each of the other provinces in which it wants to do business. An important exception is the reciprocal arrangement between the provinces of Ontario and Quebec that allows companies incorporated under regulations in one of these provinces to do business in the other without additional licensing requirements. Also, the province of New Brunswick does not require registration of extra-provincial companies.

It is noted that firms established or operating in the province of Quebec must comply with the requirements of Quebec's Charter of the French Language and adopt a French corporate name. Firms considering establishing operations in Quebec are advised to contact the Office de la Langue Francaise (Office of the French Language), which routinely works with companies to develop plans for complying with Quebec's language laws.

Franchising

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Canada is among the largest foreign markets for US franchises. Canada's franchising sector is comprised of roughly 1,300 franchises and over 80,000 individual units, ranging from restaurants to non-food retail establishments, from automotive product retailers to purveyors of business services. Annual sales generated by franchises in Canada, which account for only about 5 percent of total businesses in the country, total over US$60 billion, or roughly half of all service and retail sales.

Franchises have enjoyed exceptional success in Canada. The principal advantage US franchisers have over others is the strong recognition and familiarity of American products and services with consumers. The high volume of travel to the United States, combined with constant exposure to US media, results in very high receptivity even before these products and services come onto the market. Overall, US companies seeking operations (supported by sufficient marketing and promotional campaigns) can expect to be extremely well received by Canadian consumers and franchise investors.

The franchise model is an increasingly attractive method of doing business because no federal regulations exist which specifically restricts franchise activities. Ontario and Alberta are the only provinces with franchise legislation. These provincial regulations ensure that small business investors are better able to make informed decisions prior to committing to franchise agreements. Disclosure requirements provide prospective franchisees with information about how sellers plan to approach key contractual issues, such as termination, and afford buyers stronger legal remedies regarding court action. Similar legislation is now under consideration in other provinces. US franchisers already doing business here, and those considering establishing themselves, should take note of the proposed legislation and the strong likelihood of its adoption. Franchisers should be prepared to review existing and/or new franchise agreements, internal disclosure policies, and operating procedures to ensure their consistency with the new legislation.

US franchisers seeking market entry should review guidelines and regulations as related in US Commercial Service market reports, available on our web site at: http://www.usatrade.gov/. The Canadian Franchise Association also has a comprehensive web site located at: http://www.cfa.ca/. Further, each province or territory in Canada should be viewed as a unique market, both on a regulatory and business level. Market entry strategy should include information on whether the company: a) is export-ready as determined by its US penetration; b) has done the necessary market research and financial analysis to determine that its concept will work in Canada; and c) is appropriately registered to ensure conformity of corporate disclosure documents.

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Per capita, Canadian consumers purchase more goods through the mail than do their US counterparts. Tapping into this market can be as easy as placing an advertisement in a magazine or on the Internet. In general, Canadian audiences are targeted using the same techniques that are used in the United States. However, shipping goods to Canadian customers involves additional preparation.

When mailing goods to Canada, properly completed paperwork will ensure the goods reach their destination without delay. For most mail order shipments, the only paperwork needed is a standard business invoice. When completing the invoice, two elements are critical: a description of the goods and the value of the goods.

Companies should indicate the amount paid by the customer for the goods, in either US or Canadian dollars. If goods are shipped on a no-charge basis (samples or demos), companies must indicate the retail value of the shipment. Two copies of the invoice should be attached to the outside of the package.

All goods entering Canada are cleared through Customs, where duties are levied based on the value of the item(s). The type of product and the country of origin determine duties for a specific product. The Customs Act states, "…that the validation for duty is the selling price that appears on commercial invoices covering sales in the country of export. This price may include freight, warranty, and other charges applicable in the domestic market of the country of export."

All shipments to Canada are also subject to the seven-percent Goods and Services Tax (GST), a multi-stage sales tax. Although companies pay the GST on each purchase, it is recoverable because the GST is a consumer tax, not a business tax. Canada Post also charges a C$5 (approximately US$4.00) processing fee on all packages that owe duty or tax.

Mail-order companies can avoid having the C$5.00 fee assessed to their customers by registering to collect Canadian duties and taxes themselves as a Non-Resident Importer. Companies registering with Canada Customs and Revenue Agency (http://www.ccra-adrc.gc.ca/) will be required to prepay duties and taxes monthly. Companies can also arrange to put up a bond in the amount of the estimated duties and taxes.

Joint Ventures/Licensing

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In the broadest sense, any arrangement in which two or more businesses combine resources for some definable undertaking is considered a joint venture. The Canadian legal system provides great flexibility and imposes few restrictions as to the form that joint ventures may take, such as equity or non-equity. Some joint ventures require approval from the Government of Canada under the Investment Canada Act. Approval is based on the "net benefit" of the venture to Canada. The "benefit criteria" include: the level of Canadian participation; the positive impact on productivity; technological development; product innovation; industrial efficiency; and product variety in Canada. In certain key industries, joint ventures with Canadian partners may prove to be the most effective or, in some cases, the only means of market entry for US companies.

There are a variety of reasons that Canada is an attractive market for foreign licensors. Most notably, Canada has no regulatory scheme governing licensing arrangements. Foreign licensors also do not require registration or public disclosure. Moreover, the Investment Canada Act has no direct application to licensing unless it relates in some way to the control of a Canadian enterprise.

Selling to the Government

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The US-Canada Free Trade Agreement (FTA) expanded the size of Canada's federal government procurement markets by lowering the threshold for contracts offered by federal entities to as low as C$25,000 (approximately US$20,000) for goods and C$100,000 (US$80,000) for services and construction. The FTA opened these markets to free, non-discriminatory competition between Canadian suppliers and the U.S. It stipulated clear, fair rules of bid selection and provided for an effective bid challenge system. This meant that a US company bidding on a Government of Canada contract could compete on equal footing with its Canadian competitors, and would be judged solely on its ability to deliver a low-cost, high-quality product.

The NAFTA incorporated FTA provisions and expanded them to cover services and contracts offered by selected Crown corporations. The new, liberalized NAFTA thresholds make the following available to US firms:

Contracts of C$37,500 (approx. US$30,000) or more offered by a federal entity such as a Department or Agency for goods. The list of these federal entities was expanded to include Communication Canada, Transport Canada, and the Ministry of Fisheries and Oceans.

Contracts of C$84,400 (approx. US$70,000) or more offered by a federal entity for services.

Contracts of C$10.9 million (approx. US$9.00 million) or more offered by a federal entity for construction services.

Contracts of C$422,200 (approx. US$380,000) or more offered by a Crown corporation or other federal government enterprise for goods and services. The list of these corporations includes the St. Lawrence Seaway Authority, the Royal Canadian Mint, the Canadian National Railway, Via Rail, Canada Post, and numerous others.

Contracts of C$13.5 million (approx. US$11.00 million) offered by Crown corporations or federal government enterprises for construction services.

The WTO Agreement on Government Procurement (WTO-AGP), which came into effect on January 1, 1996, applies to most federal government departments. It is a multilateral agreement that aims to secure greater international competition. The WTO-AGP applies to the procurement of goods and services valued at C$255,800 (approx. US$200,000) or more, and construction requirements valued at C$9.8 million (approx. US$8 million) or more.

The Canadian government's official Internet-based electronic tendering service, MERX, gives subscribers access to more than 1,500 open tenders from the federal government, provincial governments, and many municipalities, school boards, universities and hospitals. Approximately 200 new tenders are posted daily. US companies can log onto MERX (http://www.merx.com/) free of charge to view and search open tenders. Bid documents can then be ordered directly from the website. MERX subscribers, who pay C$29.95 (approx. US$24.00) per month, have access to additional services, such as reduced prices for bid documents, lists of companies that have ordered a particular bid document, and a matching service that informs users of opportunities that fit their predetermined criteria. MERX also has a call center for technical support or general questions, which is available 24 hours a day, seven days a week at: 1-800-964-MERX (1-800-964-6379).

Distribution and Sales Channels

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Sales to Canadian companies are handled through relatively short marketing channels, and in many cases products move directly from manufacturer to end-user. A large number of Canadian industries are dominated by a handful of companies that are highly concentrated geographically. In many cases, 90 percent or more of the prospective customers for an industrial product are located in or near two or three cities. Canada's consumer goods market, on the other hand, is much more widely dispersed than its industrial market. The use of marketing intermediaries in consumer goods is common practice. Often, complete coverage of the consumer market requires representation in the various regions of Canada. Toronto, the largest metropolitan area and commercial center of the country, is usually the most logical location for establishing sole representation. From a regional perspective, the country may be divided geographically into five distinct markets, plus the territories, which are detailed later in this chapter. Establishing representation in each of these markets provides optimal coverage and the ability to target promotional programs to suit specialized market needs.

Selling Factors/Techniques [Return to top]

Selling in Canada is similar to selling in the United States. There are some major exceptions:

1. Bilingualism. Canada is officially a bilingual country—French and English. Because of this, there are packaging and signage requirements that may require companies to modify their domestic packaging. Many American companies actually use the bilingual packaging requirement as an opportunity to make their packaging "NAFTA compliant," and label in English, French and Spanish. Companies should note as well that the legal requirements on packaging are not as important as the marketing needs. Canada is a multicultural society. There are nearly as many Spanish speakers in Canada as French speakers. There are also large communities of Cantonese, Mandarin, and Arabic speakers. From a marketing perspective, it is important for sellers to determine if language is an important issue for these potential buyers.

2. NAFTA documentation. Information is available on NAFTA documents at: http://www.ita.doc.gov/td/tic.

Please keep in mind that a NAFTA certificate of origin is needed to free goods from customs charges. There may be cases, however, in which sales would be made for which these charges would be negligible. Exporters must weigh the cost and expense of preparing the documentation against the cost of the duties. Also, there may be ways in which a sale could be structured that the Canadian partner takes ownership of the product in the U.S. In that case, the Canadian company would be responsible for importation. How you structure your sale, and deal with customs issues will vary on a case-by-case basis. We advise you to check with your Export Assistance Center for advice on individual cases.

3. Regionalism. The Canadian market mirrors the US market in many respects. However, just as there are differences among regional markets in the United States, there are important differences among Canadian regions. Some of these differences will have an impact on the way US firms approach these markets.

For the purposes of the Country Commercial Guide, Canada can be divided into six marketing regions.

I. The Atlantic Provinces: New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

II. The Province of Quebec

III. The Province of Ontario

IV. The Prairie Provinces: Manitoba, Saskatchewan, and Alberta

V. The Province of British Columbia

VI. The Territories: the Yukon, the Northwest Territories, and Nunavut

Region I: The Atlantic Provinces

The Atlantic Provinces represent a geographic area close to the size of France and have a combined population of 2.4 million. The only Atlantic province that borders a US state (Maine) is New Brunswick, and it is, therefore, one of the principal entry points for American-made goods. Additional products enter the region through distribution centers in Ontario and Quebec, adding significantly to the total sales of US products in this region. The region is known for its resource sectors, notably the major energy projects, and the diverse industries represented in its four, economically independent provinces: New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island.

Historically, the Atlantic Provinces have been known as net importers of finished products, and exporters of resource-based and semi-processed materials and services. This traditional mix has changed over recent years as services, IT products, and assorted finished goods are exported from the region, along with fishery and forestry products, and natural gas. The region enjoys strong relationships with states in the northeast US, the result of a long-standing trading pattern that began before Canadian confederation. However, with the support of the Canadian federal and provincial governments, companies in all four provinces have increased that reach to include many other states such as Georgia, Louisiana, and Texas.

Well-placed distributors, agents, and manufacturer's representatives, many of whom have long established relationships with US suppliers across diverse sectors, serve local and regional business. Because of the geographic distance between US suppliers and these four provincial markets, some type of local representation in the region is essential for sales success.

Buyers in the area regularly state that American companies are better served by representatives located in the Atlantic Provinces, than by those based in Ontario or Quebec. Personal contact between vendor and purchaser is highly valued in this part of Canada, and, where pricing and other factors are not major issues, these relationships can greatly influence the success of a US company in this market. This is very important for new-to-market companies, where an intimate knowledge of local business practices often makes the difference between success and failure. Typical are those situations requiring after-sale service or high levels of quality control, as is often seen in sales to governments and institutions. Purchasing requirements are not necessarily the same in every province, even though product specifications may be similar. Population size should not be the sole indicator for determining market potential. A diverse industrial base, major projects, international traders, and seasonal industries such as tourism, all contribute to major procurements for the region and for offshore markets.

For major projects, business relationships such as joint ventures, partnering, and various forms of alliances and consortia have all been applied successfully and are viewed by local business as an effective way to win sales. The energy sector continues to provide a major economic push to the region, with exploration for gas and oil continuing, combined with a new gas distribution system being built in Nova Scotia. Also, this part of Canada is known for the significant number of telecommunications companies, a high level of activity in marine technologies, growth in biotechnology firms and in the environmental industries.

Region II: The Province of Quebec

The province of Quebec, with 7.4 million people (representing 24 percent of Canada's population), is 81 percent French-speaking and home to an increasingly diverse, pluralistic society exposed to highly competitive global markets. Quebec is Canada's second largest economic region. The capital of the province, Quebec City, has a population of 683,000. Highly cosmopolitan Montreal, with a population of 3.4 million, is the world's second-largest French-speaking city after Paris, yet largely bilingual in English and the driving power in Quebec's economy. Many US companies have located sales and manufacturing facilities in Quebec.

With an abundance of natural resources and energy, Quebec remains strong in the agriculture, mining, and hydroelectric industries. The traditionally strong manufacturing and service sectors also provide stability in the highly industrialized Quebec economy. Recent growth in the aerospace, telecommunications, pharmaceuticals, biotechnology, and information technology sectors are helping Quebec become a high-tech powerhouse.

Because of the predominance of the French Language in Quebec, marketing needs to be adjusted accordingly. Please keep in mind, however, that French Canadians are North Americans. It should not be assumed that their patterns of consumption would be similar to France any more than it would be appropriate to assume that Americans' consumption patterns reflect Britain. This is a unique market, and should be approached accordingly. Since the predominant language is the Quebec dialect of French (analogous to the relationship of American English to British English), promotion and packaging need to reflect local needs. However, you will find remarkably similar consumption patterns among the Quebecois to the U.S.

Region III: The Province of Ontario

Ontario is the economic engine of Canada due to its substantial and highly diverse industrial base. Ontario's capital, Toronto, is Canada's commercial center, home to half the country's largest financial institutions, 90 percent of its international banks, and over 75 percent of US subsidiaries in Canada. Ontario's highly diversified economy offers excellent opportunities in all sectors ranging from automotive, plastics, and aerospace to information and telecommunications technology, computer software, and the life sciences. Knowledge-intensive industries such as computers, software, and medical technologies are among the fastest growing sectors in Ontario. The automotive industry accounts for 21 percent of Ontario's manufacturing output and 45 percent of its exports. Ontario rivals the State of Michigan as North America's largest auto assembly center. In addition to being Canada's industrial heartland, Ontario produces more than 200 agricultural commodities, a diversity unmatched in most parts of the world. Ontario is a world leader in food technology research and development as well. The province also accounts for 30 percent of Canada's mineral mining and 20 percent of its forestry products.

Ontario is the nucleus of the Canadian high-tech industry. Ottawa, Canada's national capital is an important center for both the telecom and photonics industries. The city's high-tech sector has experienced remarkable growth in the last five years and has attracted the attention of numerous information technology and telecommunications companies from across the United States. Home to high-tech companies such as Nortel Networks, Corel Corporation, and JDS Uniphase, the advanced technology sector in Ottawa generates almost US$14 billion in annual sales. Toronto is especially strong in software and related technologies, including e-commerce. There are more than 3,000 IT firms in the Greater Toronto Area alone, with annual revenues of US$24 billion dollars. Continued steady expansion of the technology sector is predicted during the foreseeable future.

Ontario's 12 million people (almost 40 percent of Canada's total population) help make it the country's most dynamic province. Toronto boasts a population that represents some 100 nationalities. Located in the heart of North America, Ontario provides easy access to prosperous consumer and industrial markets. The province has a modern, integrated transportation infrastructure, including commuter and urban public transit, an excellent rail system, worldwide cargo aviation systems, and extensive in-land and international marine shipping facilities.

Region IV: The Prairie Provinces

The Prairie Provinces -- Manitoba, Saskatchewan, and Alberta -- have rich natural resources that have long provided a strong economy. They account for four-fifths of Canada's agricultural land and over two-thirds of its total mineral production, including over ninety percent of its fossil fuels. As these primary industries' contribution to GDP has fallen almost steadily for four decades -- from 12 percent in 1961 to 7 percent in 2003 -- the Prairies have steadily diversified their economic base into manufacturing and services.

Today, the region's economy, led by Alberta, outpaces the nation, and the three provinces have the lowest unemployment rates in the country. The resurgence in the region's economy since 2001, driven in large measure by the energy sector, has led to a dramatic expansion in the region's trade with the United States. In the last three years, for example, Prairie exports to, and imports from, the US have risen by over by 60 percent and 25 percent, respectively.

Driven by strong exports, the food-processing sector has grown steadily and remains the Prairies' largest manufacturing industry. However, all manufacturing sectors, in particular machinery and transport equipment, are recording solid growth and represent excellent markets for US intermediate component, production, and capital equipment suppliers. Service sectors are also blossoming, particularly in the logistics and transportation sectors.

Canada is the largest single source of imported hydrocarbons for the United States. Currently, most of Canadian energy exports originate in Alberta, home to the corporate headquarters of the country's oil and gas industry. Steadily rising US demand for natural gas has led to a proliferation of new pipeline projects and large expansions in exploration, drilling, and other production activity. Surging oil prices have accelerated major long-term projects for developing Alberta's huge resources of oil tar sands. This expanded activity has greatly increased export and merger opportunities for US firms, which today boast 40 percent industry ownership. Construction expenditures in Alberta, led in large measure by the energy sector, and aided by the province's rapid population growth, are double the national average: the Calgary/Edmonton corridor recently was found to have the highest per capita income in all of North America.

Over the past few years, numerous US firms have selected an agent or distributor located in the Prairies to handle their product lines or services here. Regional distributors can better cover this broad expanse of territory than can representatives from the East. Also, inter-provincial trade barriers and significant transportation costs make it easier for US firms located in states directly south of the border to export northward into this region, than for firms based in eastern Canada to distribute US-origin products westward to the Prairies.

Region V: The Province of British Columbia

The Canadian province of British Columbia (BC), located on the country's scenic West coast, is renowned for its abundant natural resources and multi-ethnic population. However, it is the lesser-known attributes that should be of most interest to US exporters: 1) a highly business-oriented provincial government that is radically improving the commercial climate; 2) a large economy with a GDP of over US$100 billion in 2002; 3) imports from the US of over US$12 billion in 2002; and 4) a gateway for business development into the Asia Pacific region.

The city of Vancouver, a cosmopolitan center with a population of over two million inhabitants, and has won the bid to host the 2010 Winter Olympics. Winning the bid has spurred a major boom in infrastructure construction. Vancouver is currently moving forward with a US$ 320 million expansion of the Vancouver Convention and Exhibition Center, as well as many other projects. The Olympics is going to be a major source contracts over the next few years.

British Columbia's key industries include: 1) Energy & Mining – in 2002 mineral and petroleum products production surpassed US$ 4.7 billion, coal production reached US$855 million, and natural gas production was US$2.6 billion; 2) Forestry – in 2002 shipments reached US$ 10 billion; 3) Fisheries – in 2002 the seafood harvest was US$400 million; 4) Agriculture – 2002 farm production reached almost US$ 1.3 billion and food and beverage production reached US$4 billion; and 5) Manufacturing – shipments totaled over US$25 billion in 2002.

In addition, a number of other industries also offer export opportunities for US firms: computer software & hardware, telecommunications equipment, aerospace products, life sciences equipment, computer integrated manufacturing components, electronics equipment, biotech equipment, environmental technology parts and components, and management consulting services.

Region VI - The Territories: the Yukon, the Northwest Territories, and Nunavut

Stretching across the north are the territories of Yukon, Northwest Territories, and Nunavut, occupying roughly one-third of Canada's landmass, but home to only about 100,000 people. Despite this sparse population, however, there are trade opportunities in certain sectors.

Mining and related mineral exploration offer the greatest opportunities in all three territories. The government of the Northwest Territories is encouraging the establishment of a secondary diamond industry (cutting, polishing, and valuation) to complement the main diamond-mining sector. Tourism and related support industries are also growing, as the three regions encourage adventure travel to these remote northern sites.

Special opportunities exist in Nunavut, the newest territory, created on April 1, 1999. This territory is still in the process of setting up its own government and seeks management expertise in establishing systems to administer social services, education, health and other related services. There is also a need for construction and transportation equipment and materials.

Electronic Commerce

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Canada's E-commerce infrastructure is highly developed and closely integrated with the U.S. This starts with the integrated telephone system, in which Canada shares the "01" country code with the US, and has area codes that our part of the U.S. system.

Information flows freely across the border, and without difficulty. Data flows are virtually uninhibited. For example, the primary message-processing center for the Blackberry system is located in Ontario, with the messages destined for U.S. destinations passing through Canada on their path.

For Internet transactions, there is often no reason to set up separate websites. Many companies have integrated their websites. Others have links, and maintain a **.ca** domain separate from their **.com** site. This is done primarily for marketing purposes.

For direct sales, companies need to be aware of customs issues. While product can be shipped directly from the U.S. to end-users, this would make the customer responsible for customs formalities. This could be seen my many customers as an additional burden they choose not to take upon themselves. For this reason, may companies dealing directly with customers may choose to use intermediary shipping in Canada. A good example of this is Dell Computer, which has a Canadian website (Dell.ca), but ships product directly from the U.S., with a broker taking care of all clearances

Trade Promotion and Advertising

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Television advertising accounts for the largest percentage of net ad revenues, followed by advertising in magazines and newspapers. Although a majority of Canadians speak English, the French-speaking areas, concentrated in Quebec province, should be considered a distinct market. Quebec is well served by French-language press, radio and television. Advertising directed toward this market should be specifically tailored to Quebec's distinct cultural identity, consumer tastes, preferences and styles. Over 600 advertising agencies operate throughout Canada and a number of these are subsidiaries of US companies. Canadian advertising rates are generally comparable with those in the United States.

1. The Press

There are currently more than 108 daily newspapers in Canada, of which 95 percent are published in English and approximately 5 percent in French. Trade magazines, usually sent to specific audiences without charge, typically carry a large amount of advertising and serve almost every major industry sector in Canada. In 2002, the top 5 general interest Canadian magazines were: TV Guide (weekly: 837,800), Chatelaine (monthly: 716,700), MacLean's (weekly: 512,400), Readers Digest (monthly: 500,600), and Time Canada (weekly: 360,000), Canada's two daily national newspapers with substantial business sections are: The Globe and Mail (Monday-Friday: 363,000) and The National Post (Monday-Friday: 249,900, Saturday: 284,700). The Toronto Star (Monday-Friday 462,700, Saturday & Sunday: 1,188,400) has high circulation numbers due to the fact that the paper serves the whole Toronto Metropolitan area and is also available throughout the entire country. Additional information on print media is included in Chapter 11.

2. Television and Radio

More than 89 percent of Canadian households have at least two television sets and approximately 98 percent of Canadians have some form of audio equipment (e.g. radio or CD player). Hundreds of public and commercial firms operate cable television and major broadcasting stations in metropolitan areas. More than 617 television stations, 1,880 licensed radio stations, and 785 cable television systems, serving over 14,285,000 subscribers, broadcast in Canada.

The Canadian Broadcasting Corporation (CBC) operates both English- and French-language national television networks. Both networks broadcast on two channels, one with regular programming and one with all-news programming. There are two private national television networks: CTV, broadcasting on two English-language channels (regular programming and all-news) and Global Television, broadcasting on a single English language channel. There are also 105 independent television stations in Canada.

It should also be noted that an increasing number of Canadian households have cable from the U.S. Since about 80% of Canada's population lives within 100 miles of the U.S. border, it is fairly common for Canadians to receive American programming.

It comes as a surprise to many American companies to discover how widely their products are already being marketed to Canadians, without them necessarily knowing about it. Ads for several American retail stores run regularly on Canadian TV sets, but those stores are no found in Canada. Given the fact that Canada has about 10% of the U.S. population, and similar purchasing power, this could be a serious missed opportunity. Why advertise to people who can't shop in your store?

Pricing

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As in the United States, product pricing is key to remaining competitive. In the retail sector, for example, Canadian businesses have followed the successful American trend toward larger stores with highly competitive prices. Retailers in sectors such as food, drugs, consumer electronics, home improvement, office equipment and supplies, and general consumer goods have invested in large discount-style operations to expand sales in an increasingly competitive market. The emergence of high-volume warehouse merchandising in this market is the direct result of consumer demand for competitively priced quality goods. Value for dollar is the predominant purchasing determinant in both the consumer and industrial markets.

When determining appropriate product pricing levels, US firms should pay particular attention to the effects of exchange rates and applicable taxes on the price charged to customers and end-users. **It is extremely important for American companies to be aware of the current status of the American Dollar against the Canadian Dollar.** Over the last two years, the value of the U.S. Dollar is down over 30%. Basically, this means that U.S. products are 30% cheaper in Canada than they were 2 years ago.

For products with a lot of U.S. competition, the Canadian marketplace will have factored this drop into the pricing. If the product has no U.S. competitors, distributors in Canada may find that American products are now substantially lower in price than domestic products. In addition, since the U.S. Dollar has fallen against the Euro, the Pound, and the Yen, similar pricing advantages for American companies exist against imports from Europe and Japan as well.

Sales Service/Customer Support Return to top

Canadian companies have a strong awareness of, and preference for, US products and services. Nevertheless, Canadian customers, whether corporate or individual, demand high-quality sales service and after-sale customer support, particularly because of the significant distances involved between customers in Canada and sellers in the United States. Corporate clients often expect the US seller to have an agent or distributor whom they can contact immediately should any problems arise. Like their counterparts in the United States, Canadian customers expect fast service and emergency replacement if required.

An American company entering Canada should evaluate the system of after-sale service and support in the US market, and replicate that network as closely as possible in the Canadian market. If the market demands a strong network of sales and after-sale service in the United States, it is probable that success in Canada will depend on appointing agents who can provide that service. There are many companies in Canada that can offer that service as an agent or representative, or on a retainer basis. Alternatively, many US companies have found that establishing a toll-free telephone number that services both Canada and the United States is extremely useful in maintaining contact with customers. This gives Canadian customers instant access to US vendors for solving problems, answering questions, or simply providing a higher "comfort level" with a new product.

Protecting Your Intellectual Property [Return to top]

1. Trademarks

A businessperson contemplating the establishment of a company in Canada should take steps to protect his or her trademark in Canada before actually starting to sell products or perform services in the country. An individual may base the application on either actual use or intended use of the trademark in Canada. A Canadian application may also be based on a registration of the trademark in the applicant's country of origin and use by the applicant or a licensee in that country, in which case a registration can be obtained without proof of use in Canada.

Accordingly, if there is any likelihood that a market in Canada will exist for the trademarked product, a foreign trader should file an application in Canada as soon as possible. This practice will minimize the possibility that someone else, observing the use abroad, will file in Canada first and preclude registration by the true owner of the mark. A Canadian trademark registration can often be obtained within 12 to 15 months of filing and is granted for a term of 15 years. Under present legislation, the registration may be renewed for successive 15-year periods on payment of renewal fees. Amendments introduced in implementation of the NAFTA strengthen the ability of the owner of a registered trademark to stop the importation of allegedly infringing goods from abroad. It is now possible to obtain a court order requiring Canadian customs officials to detain such infringing goods pending trial. However, the US Government has encouraged Canada to consider further strengthening enforcement by authorizing customs agents to seize shipments of allegedly infringing goods prior to judicial action.

2. Patents

The Patent Act governs patents in Canada. The Act allows for patenting of processes as well as products. Canada has a "first to file" system with an absolute novelty requirement and the Patent Office publishes the specifications only when the patent is issued. Deferred examination is possible, and provisions exist for payment of maintenance for pending applications and issued patents. Canada’s Patent Act extends 20-year patent protection to patents filed prior to October 1, 1989.

Canada is a signatory of the Patent Cooperation Treaty, which provides for foreign patent protection in Canada for other treaty signatories. From the perspective of the inventor, the treaty standardizes the country's patent practices with those of Canada's principal trading partners and makes it easier for Canadians to acquire foreign patents. Officials from the United States Patent and Trademark Office and the Canadian Intellectual Property Office meet frequently to exchange information and to consider mutually beneficial future joint activities.

3. Copyright

Canada is a member of the World Intellectual Property Organization (WIPO) and a signatory of the WIPO Copyright Treaty and the WIPO Performances and Phonograms

Treaty. As a NAFTA signatory, Canada also adheres to the Bern Convention for the Protection of Literary and Artistic Works (1971), and the 1952 Universal Copyright Convention (UCC). These agreements require that Canada provide national treatment with respect to intellectual property rights (IPR).   However, Canada's Copyright Act has two stipulations that follow the principles of reciprocity instead of national treatment, which have yet to be resolved to the satisfaction of the United States.

The first calls for a "neighboring rights" royalty, whereby broadcasters pay royalties to domestic recording artists and producers, as well as to those from countries that are signatories of the Rome Convention, which the United States is not. The second is for a "private copying" levy to be paid by manufacturers and importers of recordable blank cassettes, tapes and compact discs, with the proceeds going to domestic artists and artists from countries that extend the same benefits to Canada. The United States does not have such a levy for cassettes and tapes, only for compact discs. Canada's federal Industry Minister has the authority to grant benefits to countries that are currently precluded, but has yet to make a decision with respect to American artists and producers.

Canada’s Copyright Act has been amended several times to harmonize it with the country’s international IPR agreements. In early 2003, the Act was amended to specifically exclude the Internet from its compulsory licensing regime, aligning its copyright application of the Internet with that of the other G7 countries.

Due Diligence Return to top

Doing due diligence in Canada is similar to the procedures used in the U.S. However, the use of attorneys for expediting routine business dealings in Canada is far less prevalent than in the United States, and the tendency to litigate disputes is also less common. Nonetheless, US companies should consult with a local attorney when establishing a corporate investment or other presence, or prior to making contractual commitments related to the marketing of products or services. This requirement becomes even more critical in agreements involving copyright, patent, trademark, or other forms of intellectual property protection.

Most large Canadian law firms have partnerships or strong associations with counterpart firms in the United States and are experienced with international business law. Any legal problems or difficulties with Canadian government agencies are likely to be best handled by an experienced local legal representative. The US Embassy and Consulates in Canada can provide lists of local attorneys experienced in a range of commercial and other legal matters.

Local Professional Services Return to top

Please see the following Website:

http://www.buyusa.gov/canada/en/business_service_providers.html

Web Resources

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The following organizations may be of assistance to individuals or companies doing business in Canada.

The American Chamber of Commerce in Canada:

http://www.amchamcanada.ca/

Better Business Bureau:

http://www.bbb.org/

The U.S. Embassy in Canada:

http://www.usembassycanada.gov/content/index.asp

Trade Information Center:

http://www.ita.doc.gov/td/tic/

The Canadian Chamber of Commerce

http://www.chamber.ca/article.asp?id=3

The Canadian-American Business Counsel

http://www.canambusco.org/

The Toronto Board of Trade (one of the largest trade organizations in Canada0

http://www.bot.com/

International Trade Canada (The Canadian Government trade site)

http://www.dfait-maeci.gc.ca/trade/menu-en.asp

Strategis (A Canadian Government site with statistics and trade information

http://www.bc-cb.ic.gc.ca/engdoc/main.html

Tradenet Canada (a good source of additional links)

http://www.tradenet.ca/

Statcan (Canadian Government source for statistics)

http://www.statcan.ca/start.html

Canada Intellectual Property Office

http://strategis.gc.ca/sc_mrksv/cipo/welcome/welcom-e.html

Industry Canada (Canada's Ministry of Industry)

http://www.ic.gc.ca/cmb/welcomeic.nsf/icPages/Menu-e

The Canadian Embassy, Washington DC

http://www.canadianembassy.org/homepage/index-en.asp

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Water Resources Equipment (WRE)

Overview

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		2002	2003	2004
A.	TOTAL MARKET SIZE	493	573	674
B.	TOTAL LOCAL PRODUCTION	262	309	356
C.	TOTAL EXPORTS	218	210	297
D.	TOTAL IMPORTS	449	474	615
E.	IMPORTS FROM THE U.S.	361	386	468

(in millions of dollars; above statistics are unofficial estimates)

For this subsector, Canada represents numerous segmented markets within public and private domains, all of which are known to have their own distinct water distribution and treatment requirements. According to Industry Canada, Canada has over 700 mostly small and medium-sized water and wastewater firms with annual sales totaling $1.4 billion. Sales of U.S. manufactured water resource equipment to Canada are expected to show real growth in the 3% - 6% range in 2005 - 2006.

Since the regulation of water treatment is a provincial responsibility, the Canadian market is best addressed through the eleven jurisdictions. Of those, Ontario represents the largest market, with 645 municipal water treatment plants. At least 25 percent of all environmental goods sold in Canada in 2005 will be directly related to some type of water treatment or distribution product.

US companies, accounting for 80 percent of all imported water treatment products, service this sub-sector via a national network of agents, distributors, and representatives, as well as through Canadian subsidiaries. The key to success in the water resources market is being prepared and organized for opportunities before the tenders or calls for expressions of interest are released. When new-to-market, U.S. companies are evaluating potential business partners in Canada, care must be taken to ensure that all regions of interest are adequately represented.

Best Products/Services

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Products for the upgrading of water treatment facilities, both potable & wastewater monitoring and control equipment, related software.

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GLOBE Environmental Trade Show & Conference, Vancouver, March 29-31, 2006

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Strategis Canada - Environmental Affairs (http://strategis.ic.gc.ca/)

Medical Devices (MED)

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	2002	2003	2004 (estimated)
Total Market Size	2,981	3,275	3,589
Total Local Production	1,324	1,429	1,501
Total Exports	336	419	506
Total Imports	1,993	2,265	2,594
Imports from the U.S.	1,223	1,320	1,496

(in millions of U.S. dollars; above statistics are unofficial estimates)

Growth in demand for modern and cost-efficient medical equipment is expected to be between 5 and 7 percent over the next three years in Canada, led by demand for imaging equipment. The bulk of new demand for imaging equipment should be reflected by the acquisition Canada-wide of new MRI (magnetic resonance imaging) and CT (computed tomography) scanners. Medical equipment purchased by Canadian public health institutions accounts for 70 percent of the total medical equipment and supplies market. Demand from private sector, particularly for diagnostic imaging equipment should be on the rise.

The use of medical devices is strictly regulated in Canada. Health Canada's Therapeutic Products Program (TPP) ensures the safety and effectiveness of medical devices. In recent years, Canadian authorities have worked at harmonizing their regulations with those of Europe and the United States. Medical devices are classified into four categories depending on the level of potential risk to the patient. Class I represents devices that pose the least risk while Class IV devices pose the highest risk.

Best Products/Services

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HS 901813 - Magnetic Resonance Imaging Apparatus
HS 902212 - X-Ray Equipment Computed Tomography

Opportunities

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Assistive Device Trade Mission to Canada, September 19 to 22, 2005.
U.S. assistive devices companies interested in developing new sales in Canada and meeting new business partners should join the U.S. Commercial Service (USCS) Assistive Device Trade Mission to Montreal and Toronto, Canada's two largest regional healthcare marketplaces, from September 19 to 22, 2005. Contact Pierre Richer for more information **Pierre.richer@mail.doc.gov**

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http://www.hc-sc.gc.ca

Through its administration of the Canada Health Act, Health Canada is the agency committed to maintaining the country's public health insurance system which is universally available to permanent residents, comprehensive in the services it covers, accessible without income barriers, portable within and outside the country and publicly administered. Each province and territory administers its own health care plan.

For more information, please contact industry sector coordinator, Pierre Richer, at 514 908-3661 or **Pierre.richer@mail.doc.gov**

Drugs/Pharmaceuticals (DRG)

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	2002	2003	2004 (estimated)
Total Market Size	8,279	10,126	11,655
Total Local Production	4,788	6,143	7,446
Total Exports	1,625	2,427	3,078
Total Imports	5,116	6,410	7.287
Imports from the U.S.	2,535	3,030	3,206

(in millions of U.S. dollars; above statistics are unofficial estimates)

The Canadian demand for drugs and pharmaceuticals is growing steadily. It is expected to continue to expand at a rate exceeding 10 percent over the next two to three years.

The Canadian pharmaceutical industry is highly developed. International and brand name pharmaceutical corporations are heavily invested in research, manufacturing, and sales and export operations in Canada. Canada's socialized medicine is key to a robust market because it provides easy access to costly drugs for all Canadians under various health and social programs. In addition, most Canadians over 65 obtain prescriptions for a minimal annual or dispensing fee under universal plans managed by the provinces. Competitively priced U.S. generic drugs can generally be registered without difficulty and benefit from provincial legislation which forces pharmacists to dispense the lowest priced generic version of a brand name to all patients on the provincial reimbursement program. However, the Patented Medicines Pricing Review Board (PMPRB) controls prescription drug prices in Canada, and sets prices at levels significantly lower than the U.S. market, U.S.-made pharmaceuticals may be less profitable to sell in Canada than in the United States.

Best Products/Services
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Generic Drugs
U.S. generic drugs offer the best opportunity for new companies. Generics can generally be registered without difficulty and benefit from provincial legislation which forces pharmacists to dispense the lowest priced generic version of a brand name to all patients on the provincial reimbursement program (e.g., people over 65, and individuals on social assistance).

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http://www.biomedex.info
This annual bio-pharmaceutical and health technologies event comprises an international networking forum; conferences featuring internationally renowned speakers; an exhibition showcasing products and services intended for the life sciences

industry; and, a matchmaking event designed to enable venture capital, pharmaceutical and biotechnology business leaders to interact and make deals.

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http://www.cdma-acfpp.org
The Canadian Generic Pharmaceutical Association (CGPA) represents manufacturers and distributors of finished generic pharmaceutical products, manufacturers and distributors of active pharmaceutical chemicals, and suppliers of other goods and services to the generic pharmaceutical industry.

http://www.pmprb-cepmb.gc.ca/english
Patented Medicine Prices Review Board (PMPRB)

For more information, please contact industry sector coordinator, Pierre Richer, at 514 908-3661 or **Pierre.richer@mail.doc.gov**

ELECTRICAL POWER SYSTEMS (ELP)

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	2002	2003	2004 (estimated)
Total Market Size	4,316	4,446	4,684
Total Local Production	2,784	2,867	3,004
Total Exports	3,553	3,660	3,742
Total Imports	5,085	5,237	5,422
Imports from the U.S.	3,610	3,718	3,983

(in millions of dollars; the above statistics are unofficial estimates)

Canada's electrical power industry continued to undergo restructuring and change in 2004. Market deregulation and integration in several provinces across the country are increasing investment, competition and innovation. There is strong interest in the development of comprehensive power systems that combine existing and emerging technologies, particularly environmentally friendly technologies. The increased employment of co-generation technology and gas turbines has raised the demand for turbines, boilers, and transformers. The turbine and mechanical power transmission equipment sector is the largest, followed by the power boiler and heat exchanger market. Strong interest in renewable energy solutions is also creating new export opportunities for technologies related to wind power, solar power, fuel cells, biomass, combined cycle gas, and integrated coal gasification. There is also demand for environmental technologies for coal-fired power plants.

The electrical power industry in Canada has an installed capacity of over 115 million kilowatts, of which approximately 60 percent is derived from hydroelectric, 30 percent from thermal, and 10 percent from nuclear resources. The industry's main activities are concentrated in electrical power generation, transmission at high voltages over long distances, and distribution, at lower voltages to industrial, commercial and residential end-users. The provinces of Quebec and Ontario are the largest producers of electricity in Canada. Quebec derives 90 percent of its electricity from hydroelectric plants, whereas electrical power for Ontario is diversified with 56 percent coming from nuclear, 29 percent from hydroelectric, and 14 percent from coal-fired plants. Approximately 85 percent of Canada's electric power equipment manufacturing is located in Quebec and Ontario. The industry is highly concentrated with a small number of firms accounting for the majority of equipment manufacturing.

In January 2001, Alberta became the first province in Canada to deregulate its electricity sector. Ontario has approached deregulation cautiously, and the province has been encouraging competition within the sector. Quebec has opened its electricity wholesale market and other provinces in Canada, namely New Brunswick and British Columbia, are considering deregulation.

Deregulating electricity markets in Canada will lead to increased investment and new export opportunities for electrical products and services. The competitive market will likely result in business strategies focusing on lowest cost, improved technologies, increased performance, and on better serving the customer. With heightened competition, utilities will strive to use generation and transmission assets more efficiently. The movement towards deregulation will likely drive corporate entities to invest heavily in a wider mix of energy products and services for their customers that in turn could also spur mergers and acquisition. Canadian utilities are engaging in strategic partnerships with other sectors such as water utilities, oil and gas companies, financial services, marketing companies, engineering consultants, and technological research and development firms.

Over the last twenty years demand for electricity in Canada has increased by nearly 180 million MW, while only 28,953 MW of new capacity has been built. This has diminished Canada's historic surplus of electricity and might threaten both reliability of service and price stability in the future. Recently the Ontario government has contracted with a private company for 200 to 400 MW of temporary generation.

Canada has extensive natural resources. The exploration of hydro, coal and gas resources will continue to be important as additional sources of electricity capacity are built. Across the country, new and replacement capacity will be required of between 18-23,000 MW by 2010. Environmental pressures on the electricity industry continue, as climate change remains an important area of concern for federal and provincial governments.

The electrical power systems equipment market in Canada was valued at $4.7 billion in 2004. Dramatic exchange rate changes in favor of American products helped to increase import market share to almost $4 billion. Local production reached $3 billion with Canadian producers exporting $3.75 billion. Industry analysts predict this sector will increase by three percent through 2005.

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841182 Turbines
848310 Power Transmission Equipment
732181 Boilers

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Executive Energy Forum, May 29-31, 2005, Kananaskis, Alberta www.energy.com

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Canadian Electricity Association www.canelect.ca
Canadian Solar Industries Association www.cansia.ca
Wind Energy Association www.canwea.ca
Energy Council of Canada www.energy.ca
National Energy Board of Canada www.neb.gc.ca

Telecommunications Equipment and Service Industry   TEL TES

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(stated in millions of dollars)

	2002	2003	2004 (estimated)
Total Market Size	3924	8431	10773
Total Local Production	6728	7604	9402
Total Exports	5109	5330	6771
Total Imports	2305	6157	8142
Imports from the U.S.	1379	3993	4183

(in millions of dollars; the above statistics are unofficial estimates.)

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Photonics and wireless are particularly strong growth subsectors. Canadian demand for fiber optic cable was valued at US$282 million in FY2000. By FY2004, the Canadian fiber optic cable sector is predicted to have increased by 40 percent to US$395 million. Most Canadian telecommunications companies expect to complete the conversion from copper to fully fiber optic systems before the year 2015. The wireless sector is one of the fastest growing sectors of the Canadian telecommunications industry and is approximately 22 percent of the total market size. It was valued at US$3 billion in 2001 and has grown to US$6.7 in FY2003. In fact, there are over 15 million Canadian consumers who are now using wireless products and services in a country with a total population of only 32 million.

U.S. companies dominate Canada's import market for all telecommunications equipment. U.S. companies will find lucrative opportunities in several of the Canadian telecommunication equipment sectors, including: wireless, photonics, fiber optics, satellite, multimedia applications and cable.

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The Canadian telecommunications industry has gone through a restructuring period in the past 2 years. Despite the downturn in the telecommunications industry, it has continued to experience growth producing over US$20 billion to the overall economy, accounting for 2.3 percent of the total GDP. This is an increase from US$4,171 million in 2001. The steady growth of 1.1 percent (2003) in domestic production is expected to continue in the next two to five years. Employment growth has increased 5.5 percent since 2002, employing 110,834 persons, with an average salary increase of 0.2 percent.

The Canadian telecommunications industry is extremely sophisticated and fast-paced, with the largest concentrations of companies located in Montreal, Toronto, and Ottawa. Canada is home to world leaders in telecommunications, such as Nortel Networks, and

Research in Motion (best known for their `Blackberry'). The Canadian telecommunications equipment industry consists of establishments primarily engaged in manufacturing telephone, telegraph, and microwave transmitting and related equipment for use in public and private telecommunications networks. Some of these products include: carrier current equipment, telephone or telegraph, switching equipment, intercommunicating telephone sets, and multiplex equipment. The Canadian industry has strong research and development capabilities and is a world leader in telecommunications, connectivity, satellite, wireless and rural communications. Ninety percent of Canada's R & D is located in Ottawa, Ontario. The industry is also strong in training software, multimedia applications, and advanced network infrastructure.

Extensive deregulation in the telecommunications services sector, the ability of users to own terminal equipment, as well as the rapid growth in telephony and private networks have all contributed to significant expansion of the Canadian market. The widespread use of high-capacity optical fiber, the digitization of telecommunications, the emergence of new access technologies including broadband and satellite, and the exponential growth of internet usage, are a few of the factors that will continue to spur demand for telecommunications equipment in Canada. The convergence of telecommunications technologies and information technologies, in an environment of deregulation and increased competition in Canada, will also impact market growth. Furthermore, the Canadian government has been actively involved in supporting the modernization of high-speed communication infrastructure and services.

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http://strategis.ic.gc.ca
http://sitt.ic.gc.ca/sitt/portal/jsp/splash_page.jsp

Agricultural Machinery and Equipment   AGM

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	2002	2003	2004 (estimated)
Total Market Size	3,643	3,835	4,020
Total Local Production	2,654	2,801	3,172
Total Exports	1,769	1,868	1,952
Total Imports	2,758	2,902	2,800
Imports from the U.S.	2,200	2,323	2,153

(in millions of dollars; the above statistics are unofficial estimates)

Canada has the crucial ingredients for leading the world's agriculture industry: a clean environment, temperate climate, plentiful natural resources, a strong economy, and high standards for food inspection and regulation. One of the oldest sectors of the economy, it accounts for over 8 percent of the Canadian GDP and has become one of the country's most dynamic and innovative industries.

Improving commodity prices have shown limited impact on the agricultural machinery and equipment market. The trend toward diversification of crops and the need to meet worldwide food demand have farmers planting more land, but are cautious when buying equipment. The market size for the sector in 2004 will exceed US$ 4 billion, with American suppliers meeting roughly one-third of demand. Industry sources predict the sector will grow at a moderate annual rate of between 2-3 percent through 2005. Growth can be attributed to rising worldwide demand, as well as decisions by food processing companies to build and expand factories and to introduce new product technologies.

The agricultural machinery and equipment market is highly competitive in terms of price and technology. Companies with significant competitive advantages, such as the latest state-of-the-art technologies and excellent after-sale service, will find good sales and market opportunities in Canada.

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HS 842481 – Mechanical appliances for projecting, dispersing or spraying liquids/powders for agriculture/horticulture
HS 843230 – Seeders, planters and transplanters

Opportunities
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Agri-Trade International Exposition, November 9-12, 2005

U.S. Commercial Service is offering the Gold Key Service at this busy show, one of Western Canada's premier trade events for agricultural machinery and equipment.

This trade show offers an excellent opportunity to expand market share and develop a formal business relationship with Canadian distributors looking for new product lines to carry. Contact Crystal Roberts for more information crystal.roberts@mail.doc.gov

Canadian International Farm Equipment Show, February 7-10, 2006

U.S. Commercial Service is offering the Gold Key service at CIFES, which ranks as the fourth largest tradeshow in Canada and is among the biggest farm equipment shows in North America. Contact Crystal Roberts for more information crystal.roberts@mail.doc.gov

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www.agr.gc.ca   Agriculture & Agri-Food Canada
www.aic.ca   Agricultural Institute of Canada

Oil and Gas Field Machinery OGM

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	2002	2003	2004 (estimated)
Total Market Size	4,999	5,450	6,081
Total Local Production	3,203	3,494	3,820
Total Exports	1,017	1,110	1,280
Total Imports	2,810	3,066	3,541
Imports from the U.S.	2,449	2,726	3,285

(in millions of dollars; the above statistics are unofficial estimates)

Canada is the world's third largest producer of natural gas and the ninth largest producer of crude oil. Its oil production comes 36 percent from oil sands, seven percent East Coast offshore operations, and the balance in traditional drill and gush operations. Undeveloped energy resources include major crude oil and natural gas deposits in offshore areas in the north, gas reserves in the Yukon and Northwest Territories, and massive reserves of oil sands in Alberta. The upstream petroleum industry is active in 11 of the 13 provinces and territories. The building of the $4 billion Mackenzie gas project promises massive gas production from Canada's north by 2010.

Confident Canadian producers are drilling at record levels, 22,000 wells in 2004 and an anticipated 23,000 in 2005. Sustained high oil and gas prices, together with the hunt for natural gas supplies are driving the growth.

In 2004, producers are expected to invest over US$20 billion on exploration, development and field equipment. Over 80 percent of the spending will be in the Province of Alberta on conventional and oil sands development. Significant amounts will also be spent in British Columbia (BC) due to the discovery of a world-class natural gas field in north eastern BC, and on offshore activity in Canada's maritime provinces, primarily Newfoundland and Labrador.

With increased demand and price strength, experts forecast the market for oil and gas field machinery to increase by four percent through 2005 and total market size will reach $6 billion. Traditionally imports from the U.S. amount to approximately 90 percent of the total import market; in 2004 they are estimated to have reached $3.3 billion.

U.S. products in the sector are recognized for their excellent quality, technological benefits and reputable after-sales-service. Promising sub sectors include drilling equipment and well monitoring technology.

Best Products/Services

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730421 Drill Pipe for Oil and Gas Drilling
843041 Boring & Sinking Machinery

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Go-Expo Gas and Oil Exposition, June 7-9, 2005, Calgary, Alberta
Oilsands Trade Show & Conference, Sept. 14 & 15, 2005, Fort McMurray, Alberta
Global Petroleum Show, June 13-15, 2006, Calgary, Alberta
International Pipeline Exposition & Conference, Sept. 26-28, 2006, Calgary, Alberta

Information for all the above shows can be obtained at www.petroleumshow.com

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World Petroleum Congress www.world-petroleum.org
Petro Assist www.petroassist.com
Canadian Association of Petroleum Producers www.capp.ca

Security/Safety Equipment   SEC

Overview

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	2002	2003	2004 (estimated)
Total Market Size	876	1,159	1,390
Total Local Production	384	468	585
Total Exports	337	363	460
Total Imports	828	1,055	1,265
Imports from the U.S.	269	313	314

(in millions of dollars; the above statistics are unofficial estimates.)

Industry sources predict that the size of the Canadian market for security products and services to protect residential and commercial buildings and facilities will grow 16-19 percent in 2004, to approximately US$1.3 billion. This level of growth is expected to continue through 2005. Increased commercial, industrial, and institutional construction/renovation continue to fuel the demand for security equipment in Canada. The increasing importance of security in day-to-day business operations has generated new security challenges for corporations across all industry sectors. The Canadian government has recommended that corporations, airports, hospitals, and other organizations implement advanced security technologies to improve safety, and has allocated significant resources to the procurement of these technologies. Imports cover over 91 percent of total Canadian demand for security equipment, and U.S. suppliers hold a 30 percent share of this import market. Advanced American security technology has allowed U.S. firms to offer products that are more efficient and effective relative to comparable Canadian equipment. As the demand rises, U.S. firms will have substantial competitive advantages in the Canadian market.

Best Products/Services

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Major product subsectors include access controls, alarms, biometric equipment identification and smart cards.

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No information is available at this time.

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Canadian Communications Security Establishment: www.cse-cst.gc.ca

Security Canada International Security Conference & Exhibition: www.securitycanadaexpo.org

The Public-Private Sector Summit on National Security: www.conferenceboard.ca

Connie Irrera, Commercial Specialist, Commercial Service Montreal, Canada: Connie.irrera@mail.doc.gov

Computer Hardware and Peripherals CPT

Overview

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	2002	2003	2004 (estimated)
Total Market Size	7,822	8,686	9,121
Total Local Production	3,410	3,780	3,969
Total Exports	1,267	1,466	1,539
Total Imports	5,679	6,372	6,691
Imports from the U.S.	3,002	3,462	3,635

(in millions of U.S. dollars; above statistics are unofficial estimates)

The Canadian computer hardware and peripherals market is estimated to be worth US$9.1 billion in 2004, growing at a healthy real rate of 3 percent over 2003, when the market was valued at US$8.7 billion. Growth in this area will be driven by desktop replacement cycles. At a value of US$6.7 billion, imports account for nearly three quarters of Canadian domestic demand for computer hardware and peripherals. U.S. suppliers lead the way in imports of computer hardware and peripherals to Canada, with a total import market share of 54 percent.

Canada's technological infrastructure is second only to that of the United States and ranks above or very close to the US in terms of number of internet users and computers per capita, as well as number of computer instructions sent per second. IT is once again viewed as a significant source of competitive advantage over other companies, or is a steady contributor to ongoing operational capabilities.

In 2005, hardware will be the fastest component of the IT market in Canada both in terms of units and revenues. Canadian computer hardware growth will be fueled largely by desktop replacement cycles and by continued pent-up demand.

Good opportunities will exist in the SMB (small-medium sized businesses) sector, Canada's largest segment of the economy, particularly for security appliances driven by the popularity of wireless networking as an easily deployed and scalable alternative to wired infrastructures by SMBs.

The introduction of Microsoft's next version of Windows will also turn the SMB hardware business into a re-emerging market as performance requirements are going to be huge, driving the need for new hardware.

Other market drivers for computer hardware are entry level servers, increased storage needs and the development and adoption of products that enable seamless transition between WANs and Local Area Networks (LANs). Growth in server and storage space will also be driven by increasing demand for blade servers and more attention being paid to regulatory compliance statutes such as PIPEDA and Sarbanes-Oxley in the U.S., both of which demand greater hardware resources.

American companies are expected to remain the primary suppliers of computer hardware and peripherals to Canada. In fact, in this sector, Canada runs a trade deficit with the United States. U.S. companies with competitively priced products, effective distribution channels, and strong customer service programs can expect to profit from continued growth in the computer hardware and peripheral market in Canada.

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847150 - Digital Processing Units
847149 – Digital Automatic Data Processing Units, Entered as Systems

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NetworkWorld Conference & Expos 2005
(18 April 2005 - 20 April 2005)
(Toronto, Ontario, Canada)
The key trade show and conference for management and IT professionals.

GTEC Week
(3 October 2005 - 5 October 2005)
(Ottawa, Ontario, Canada)

For More information, please contact viktoria.palfi@mail.doc.gov

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www.itac.ca
www.cata.ca
http://www.cio.gov.on.ca/scripts/index_.asp

Computer Software CSF

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	2002	2003	2004 (estimated)
Total Market Size	3,998	4,954	5,115
Total Local Production	2,087	2,586	2,671
Total Exports	1,418	1,768	1,826
Total Imports	3,330	4,134	4,270
Imports from the U.S.	2,544	3,177	3,281

(in millions of U.S. dollars; above statistics are unofficial estimates)

The Canadian computer software market is estimated to be worth US$5.1 billion in 2004, growing at an average annual real rate of 1.3 percent over 2003. Growth in this segment is not huge, but is solid, and is driven by pent-up demand. Canada's software market is largely satisfied by imports, 76 percent of which originate in the United States.

The software market in Canada is an important segment of Canada's ICT sector, and will grow as new platforms emerge in a transitional market. Shrinking margins, technical parity among vendors, and growing interest in open source are factors driving vendors to deeper partnerships with each other.

U.S. companies continue to be the dominant suppliers of computer software to Canada. However, Canada's indigenous computer software industry, benefiting from the lowest manufacturing costs in the G-7, has developed strong companies that have achieved international recognition as market leaders in their respective product niches, including: data and document management; network management; customer relationship management (CRM); digital media; and middleware.

Canadian organizations are still spending on software applications that show a tangible ROI and that are essential to the core operational competencies. Those who are buying are looking to maintain what is installed and are looking at integrated and managed solutions. Software applications that integrate front and back office functions to merge the value-creation side of the business with the value-counting side of the business are in demand, as are programs that align operations with customers' buying habits. Specifically, applications such as CRM, enterprise resource planning, content management, website development, and maintenance applications that help reduce costs have good sales prospects.

Financial services, healthcare and life sciences, the consumer products industry and the SMB (small-to-medium-sized business) are going to offer the greatest opportunities for U.S. suppliers.

Best Products/Services

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852431-99- Software on recorded media

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NetworkWorld Conference & Expo, Canada
April 18 – 20, 2005, Toronto, Ontario
The key trade show and conference for management and IT professionals.

InfoSecurity Canada
Jun 13 – June 16, 2005, Toronto, Ontario
The conference brings together professionals interested in IT Security with suppliers of security products and solutions.

For more information, please contact viktoria.palfi@mail.doc.gov

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www.itac.ca
www.cata.ca
http://www.cio.gov.on.ca/scripts/index_.asp

Plastic Products PMR

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	2002	2003	2004 (estimated)
Total Market Size	10,337	11,792	14,114
Total Local Production	11,905	13,742	16,721
Total Exports	5,902	6,583	8,241
Total Imports	4,335	4,634	5,634
Imports from the U.S	3,484	4,067	4,451

(in millions of U.S. dollars; above statistics are unofficial estimates)

The Canadian plastic products market was valued at US$11.8 billion in 2003 and is estimated to grow at a real growth rate of 4.5 percent to US$14.1 billion in 2004 as well as in 2005 and beyond. U.S exports to Canada accounted for 80 percent of total imports in 2004 for a value of US$4.5 billion. The U.S share of Canada's total imports is also expected to experience growth of 4-5 percent over the next three years, same as the overall market, as the demand for plastics increases among various consumers of plastic products. Material substitution away from conventional materials in favor of plastics continues to sustain a growing Canadian plastic products market. CS Toronto believes that U.S. suppliers of technologically advanced, innovative, plastic parts and components will find lucrative export opportunities in Canada in all major end-user sectors.

The Plastic Products Sector is classified under the North American Industry Classification System NAICS- 3261 and is comprised of establishments primarily engaged in the manufacture of intermediate or final products made from plastic resins, using such processes as compression, extrusion, injection, blow molding and casting. The production process in most of these industries is such that a wide variety of products are produced.

According to industry analysts the Plastic processing industry accounts for 0.5 percent of national gross domestic product (GDP), 0.5 percent of total national employment and 3.9 percent of manufacturing employment. The plastics industry continues to grow faster than overall manufacturing and the economy as a whole. Growth is expected to continue strongly in 2005 and beyond. Plastic products is a high-growth industry whose average annual growth rate continues to be more than double that of total manufacturing and the economy overall. According to the President of the Canadian Plastics Industry Association and based on a recent survey, 60 percent of Canadian plastic companies plan to add manufacturing capacity in the coming year and 50 percent intend to purchase primary processing machinery.

Although two of the major markets for plastic products – the motor vehicle and construction industries – are both cyclical, the plastic products industry itself is much less so. The rising general demand for plastics as a substitute for other materials mutes the cyclical effects.

Major markets for plastic products are in packaging, construction, automotive and electronics. However, plastics are used by virtually every industry sector and continue to displace other materials such as paper, glass, metal, steel and concrete. Plastic is a key material in a wide range of products that include polymer threads (used in clothes and fabrics), electronics and silicon. The use of plastics by end-use markets is projected to grow as a result of the benefits it provides over other materials. Of major significance is the projected high-growth, end-user market in the electronics sector for products such as electronic tags, keyboards and compact discs (CDs), etc.

In 2003, 48% of all plastic sector establishments were located in Ontario, 25% in Quebec, 12% in the Prairie Provinces, 11% in British Columbia and 4% in the Atlantic Provinces. Based on value of shipments or employment, 62 percent of the industry overall and almost the entire automotive component sub sectors are in Ontario.

The U.S. will continue to be Canada's principal supplier of plastic products followed by China, with less than 10 percent, followed by Germany and Taiwan. Trade is heavily skewed toward the United States, which accounted for 93 percent of Canada's exports and 80 percent of imports in 2004. For many products this will always be the case, because transportation costs limit their export to more distant markets. The dominant position of U.S. suppliers is primarily a function of their proximity to the Canadian market and the preferential duty free access under the North American Free Trade Agreement (NAFTA). In addition, U.S. suppliers have established very reliable distribution and servicing networks in Canada that sustain their dominant position in the market.

U.S. suppliers offering innovative, technologically advanced, environmentally friendly, plastic products, components, systems and services that offer quality, durability, and ease of maintenance will continue to find a highly receptive plastics products market in Canada. Companies with vertically integrated product lines that facilitate one-stop shopping also have an added advantage when selling into the Canadian market.

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NAICS – 3261
11-Plastic bags
14-Plastic film and sheet
21-Plastic pipe and fittings
60-Plastic bottles
91- Plumbing fixtures
93- Motor Vehicle Plastic parts

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EXPOPLAST 2005 – October 25-26, 2005

U.S. plastic products manufacturers interested in developing new sales or increasing sales to Canada may wish to consider participating in the upcoming EXPOPLAST 2005 which will be held in Montreal on October 25-27, 2005 – http://www.expoplast.org/. This event is held only every three years in Montreal. If you are interested in this event, please contact Madellon Lopes at mailto:madellon.lopes@mail.doc.gov

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http://www.hc-sc.gc.ca/
http://www.cpia.ca/

U.S. plastic products manufacturers interested in developing new sales or increasing sales to Canada may wish to consider participating in the upcoming EXPOPLAST 2005 which will be held in Montreal on October 25-27, 2005 – http://www.expoplast.org/. This event is held only every three years in Montreal. If you are interested in this event, please contact Madellon Lopes at madellon.lopes@mail.doc.gov

Building Products BLD

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	2002	2003	2004(estimated)
Total Market Size	15,079	17,899	21,626
Total Local Production	18,390	21,761	27,268
Total Exports	8,916	9,972	13,280
Total Imports	5,605	6,110	7,638
Imports from the U.S.	3,895	4,083	4,916

(in millions of U.S. dollars; above statistics are unofficial estimates)

Canada's building products industry is one of the largest and strongest in the country, with a local production estimated value of US$27.3 billion, and exports reaching US$13.3 billion in 2004. There are more than 5,000 manufacturers of building products in Canada. The Canadian building products industry has developed a worldwide reputation, particularly in the area of wood-based products. Canada also has renowned expertise with products made from steel, concrete and plastic. The building products sector reflects the high priority placed on quality and energy conservation while making efficient use of sustainable resources. Some of the high value-added building products produced in Canada are prefabricated homes, doors, windows, kitchen and bathroom cabinets, hardwood flooring, and insulation products.

The Canadian construction industry experienced strong growth in 2004 and, according to forecasts released by the Canadian Construction Association (CCA), continued growth is expected for at least the next two years. Total construction activity is generally measured in terms of industry GDP, and is defined as total goods and services produced by the construction industry. The value of construction GDP grew by 3.5% in 2004. The CCA reports that construction GDP growth will reach 4%, and 3% in 2006.

Continued growth in residential construction and strong gains in the non-residential sector has been fuelled mostly by strong construction for institutional buildings, and to a lesser extent by gains in the industrial and commercial sectors. A surge in demand for new multi-family dwelling units offset a decline in the single-family component in 2004. Contributing to the continued strength in the housing sector were advantageous mortgage rates and creation of full-time jobs during 2004. The Canadian retail hardware/home improvement and renovation sectors also contributed to the growth in Canada’s building products market. In 2003, retail sales of hardware/home improvement and building products segment grew at 8.2% and continues to grow at an annual compounded rate of 7%. Renovation spending is set to outpace new home construction and will reach a value of US$30.4 billion in 2005.

The CCA anticipates that although the residential construction sector has outperformed the non-residential construction sector for the last three years, in 2005 both construction sectors will witness equally strong growth. In 2004, residential construction GDP shot up by 7.8%, while non-residential construction GDP grew at a much weaker pace of 1.3%. In 2005, however, residential GDP is expected to dip slightly to 4.1% growth, while non-residential GDP will strengthen to 4.0% growth. A similar trend is expected in 2006, with growth forecast to average 3.0% for the residential sector and 2.9% for the non-residential sector.

Canada represents the largest export market for U.S. building manufacturers. In 2004, U.S. exports of building products to Canada were valued at US$4.9 billion and represented 64.4% of Canada's total building products import market. U.S. exports of building products to Canada will continue to dominate Canada's total import market for building products in 2005 and will increase at an annual real growth rate of 1.6% to US$5.0 billion. The relative strength of the U.S. dollar against the Canadian dollar had limited export opportunities to Canada in the last five years. However, in 2004 the U.S.-Canada exchange rate stabilized with the value of the Canadian dollar inching its way up so that American-made products are now more price-competitive in the Canadian market.

The success of U.S. building products suppliers in Canada reflects the advantages that U.S. manufacturers enjoy over third-country suppliers, including geographic proximity, similar quality demands and channels of distribution, and duty and tariff-free access under NAFTA.

Although the Data Table above indicates that Canada exports more building products than it imports, 87% of these exports represent wood products such as raw lumber, plywood, particleboard, etc. The remaining 13% of total Canadian exports of building products is made up of value-added building products such as windows, doors, kitchen cabinetry, bath and sanitary ware, construction adhesives and sealants, insulation, and lighting products, to name a few.

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As a result of the unprecedented growth in Canadian construction activity in 2004, the Canadian building products market increased at an annual real growth rate of 5.5% to US$21.6 billion, compared to US$17.8 billion in 2003. Industry experts predict a stable economy in 2005, steady construction activity with continued growth in the residential and renovation markets and similar growth in non-residential construction activity that will increase demand in building products at an annual real growth rate of 6.7% to US$23.5 billion.

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Meet The Buyers Trade Mission to Toronto & Montreal, April 26-29, 2005

Establish relationships with Canadian agents, distributors and buyers of hardware, home improvement products; lawn and garden products and equipment; and building products and sell in the lucrative and growing Canadian retail sector. Connect With Canada's Hardware/Home Improvement US$25 Billion Retail Market and don't miss the opportunity to sell your products and equipment to Canada's leading retail sector - the hardware/home improvement, building centers, and big box retailers. Registration closed March 31. Contact Rita Patlan for more information at **Rita.Patlan@mail.doc.gov** **or visit U.S. Commercial Service Canada: Meet the Buyers Trade Mission**

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www.cca-acc.com
www.chba.ca

Agricultural Sectors

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Canada is the top market for U.S. food and agricultural product exports and one that has been growing steadily over the past 10 years. Canadian purchases of U.S. agricultural products now account for more than 60% of total Canadian agricultural imports. In 2004, U.S. agricultural exports to Canada reached a record $9.7 billion, accounting for 16% of U.S. agricultural exports worldwide. More than half of total U.S. exports of fresh fruits and vegetables ($3.8 billion) are shipped to Canada. Further, the importance of trade with Canadian provinces cannot be underestimated. If Ontario, British Columbia and Quebec were countries they would rank, respectively, as the 4th ($6.1 billion), 7th ($1.4 billion) and 17th ($580 million) largest individual markets during 2004 for U.S. agricultural exports. Total U.S. agriculture, fish and forest product exports to Canada in 2004 ($12.3 billion) exceeded the level exported to the twenty-five European Union member states by $3.6 billion for the same time period.

Consumer-oriented agricultural products accounted for 73 percent of total US food and agricultural product sales to Canada in 2004, with fresh and processed fruits and vegetables, snack foods, baked goods and pet foods as the category leaders.

As the No. 1 market for U.S. food and agricultural product exports, Canada accounted for 16 percent of worldwide U.S. agricultural exports of $61.3 billion during 2004. Of total American exports of consumer-oriented agricultural products ($23.4 billion), nearly one-third were destined for Canada. Total bilateral agricultural trade between the United States and Canada reached $21.2 billion in 2004, more than $58 million per day. Two-way agricultural trade between the United States and Canada would have exceeded $22-23 billion starting the second decade of NAFTA if not for the discovery of Bovine Spongiform Encephalopathy in a single beef cow in Alberta in May of 2003 that disrupted live animal and beef trade. The subsequent emergency trade restrictions by the United States on imports of Canadian cattle and beef resulted in lower export values for two of Canada's value leading agriculture exports and lower demand in Canada for U.S. beef and feed grains.

Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), the majority of US agricultural products have entered Canada duty-free since January 1, 1998. Since NAFTA came into effect in 1994, agricultural exports to Canada have accounted for 28% of the total growth in U.S. agricultural exports worldwide. The growth rate in U.S. agricultural sales to Canada since NAFTA is more than double the rate of growth in U.S. sales to the rest of the world. The average annual growth rate of U.S. agricultural product exports to Canada since NAFTA was 5.3% while U.S. agricultural exports to the rest of the world, over the same period, advanced at an average annual growth rate of only 2.2%.

Trade with Canada is facilitated by proximity, common culture, language, similar lifestyle pursuits, and the ease of travel among citizens for business or pleasure. American products have gained an increased competitive edge over goods from other countries as the result of NAFTA and geographical proximity gives U.S. exporters an advantage. Canadian consumers enjoy a high disposable income, coupled with a growing interest in global cuisine and the country's wide ethic diversity that provides broad food marketing opportunities. Canada's grocery product and food service trades have been quick to seize opportunities under NAFTA by expanding their geographical sourcing area to include the United States. The familiarity and confidence in Canadian based U.S. chains (hotels, restaurants and fast food) has helped increase the demand for U.S. high-value foods. Because U.S. food products match Canadian tastes and expectations there have been significant gains in the Canadian market for US consumer-ready foods.

Immigration patterns have changed the face of Canadian cities, where 75 percent of Canada's population resides. Immigration in the 1990s was dominated by newcomers of Asian origin, who now account for about 10 percent of the population of Canada's two largest cities, Toronto and Vancouver. The combination of the influx of Asian and other ethnic origin immigrants with contrasting dietary traditions, and the trend among consumers for a healthier diet, has transformed the Canadian food supply. Compared to twenty years ago, Canadians are consuming less sugar, animal fats (including butter and lard), red meat, eggs, canned vegetables, skim milk powder, and alcoholic beverages, while consuming more rice, breakfast cereals, nuts, vegetable-based fats, chicken, fish, fresh vegetables, cheese, yogurt, coffee, and soft drinks.

Canada's wholesale, retail, and food service industries watch with acute interest developments in packaged and processed foods and food service trends in the United States. While there are differences in the consumption patterns of selected food items in the two countries, there is a growing demand in Canada for new value-added foods that are market-proven in the United States.

On the basis of current market trends and conditions, the following sectors are considered to be best prospects for US exports of food and agricultural products to Canada:

1. Foodservice
2. Fresh Vegetables
3. Seafood
4. Snack Foods
5. Fruit and Vegetable Juices
6. Organic Food
7 Baked Goods
8. Pet Foods

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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As a NAFTA country, Canada accepts the vast majority of products from the U.S. duty free. To get duty-free status, the products must be imported in accordance to NAFTA rules. The Certificate of Origin, and other associated NAFTA documents can appear to be very complex. The following two Website have extensive details on NAFTA documentation, and what you must do to achieve duty-free import status.

The NAFTA Certificate of Origin is available at this website: http://www.cbsa-asfc.gc.ca/E/pbg/cf/b232/b232-98e.pdf - search='nafta%20certificate%20of%20origi

The following organizations provide additional information on NAFTA documentation

The Canada Border Services Agency

http://www.cbsa-asfc.gc.ca/

The Canada Revenue Agency also provides information: (from a tax perspective). The Trilateral Customs Guide to NAFTA:

http://www.cra-arc.gc.ca/tax/business/smallbusiness/c124-e.html

A Guide to Importing Commercial Goods:

http://www.cbsa-asfc.gc.ca/E/pub/cp/rc4041/rc4041-e.html

The U.S. Trade Information Center also has information:

http://www.ita.doc.gov/td/tic/

The Canadian Department of Foreign Affairs also has useful information on NAFTA documentation: http://www.dfait-maeci.gc.ca/nafta-alena/busin-en.asp.

Finally, the entire text of the NAFTA agreement is available at:

The NAFTA Secretariat :

http://www.nafta-sec-alena.org/DefaultSite/index.html

A. Trade Barriers

1. General Trade Barriers

As a result of the US-Canada Free Trade Agreement (FTA), which went into effect in January 1989, virtually all Canadian tariffs on US products have been eliminated. The North American Free Trade Agreement (NAFTA), which replaced the FTA in January 1994, removed some remaining barriers and expanded specific provisions of the FTA. However, certain non-tariff barriers at both the federal and provincial levels continue to impede access of US goods and services to Canada or retard potential export growth. The issues identified below constitute a partial list of areas that will be addressed in 2003 and 2004.

(a) Standards

The NAFTA provides that testing facilities, inspection agencies, and certification bodies of each country have access to the accreditation systems of the other country without obligation to establish facilities in the other country. While provincial practices do not fall under the NAFTA discipline, provincial requirements will be monitored for fair treatment of American organizations.

(b) Government Procurement

The NAFTA provides access to the Canadian Government procurement market through expansion of coverage to Canada's federal departments, some government-owned enterprises (Crown corporations), and selected services and construction contracts.

(c) Provincial Liquor Boards

Canadian provincial government liquor boards have exclusive control over Canada's alcoholic beverage retail pricing, listing, and distribution and sales in most provinces. The NAFTA requires Canadian provinces to accord national treatment to U.S. wines and spirits in their listing policies and, with certain well-defined exceptions, their distribution practices.

(d) Services

Services exports constitute the fastest growing component of the US-Canada bilateral trade relationship. The NAFTA covers all service sectors unless specifically excluded, and applies guiding principles to services trade. A party can protest an existing law, measure, or practice that does not conform to the agreement's principles by formally lodging an exception or reservation for the measure. All federal government reservations were listed during negotiations and cannot be amended. States and provinces subsequently listed their non-conforming measures. This "barrier inventory" exercise provides an opportunity to press for further liberalization in services. NAFTA parties also committed to the removal of citizenship requirements affecting the licensing and practice of professionals.

(e) "Cultural Industries"

Canada's historical concern that its cultural identity may be overwhelmed by U.S. influences has resulted in restrictions on foreign investment in Canadian cultural industries (e.g., broadcasting, publishing). At Canada's insistence, cultural industries were exempted from the provisions of the FTA and NAFTA. However, the U.S. obtained the right to take actions that have "equivalent commercial effect" against measures that would have been inconsistent with the FTA and NAFTA if this exemption were not involved. Authority for review and approval of all prospective foreign investments in industries related to Canadian culture, heritage or national identity rests with the Minister for Canadian Heritage.

2. Investment Barriers

Under the Investment Canada Act and related regulations, Canada maintains laws and policies that restrict new or expanded foreign investment in the energy, publishing, telecommunications, transportation, film, music, broadcasting, and cable television sectors. Please refer to the "Investment Climate" section of this report for more information.

Import Requirements and Documentation Return to top

A properly completed Canada Customs Invoice or its equivalent is required for all commercial shipments exported to Canada. In addition, a completed NAFTA Certificate of Origin must accompany shipments of US-produced goods in order to obtain tariff-free treatment under the provisions of the North American Free Trade Agreement. For further information, please contact the Canada Customs and Revenue Agency representative at the Canadian Embassy in Washington at Tel: (202) 682-1740 or Fax: (202) 682-7689.

U.S. Export Controls

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Canada controls exports under authorization of the Export and Import Permits Act (EIPA). The EIPA establishes two export lists: the Export Control List (ECL), which lists specific products that are subject to export restrictions for specified countries, and the Area Control List (ACL), which lists those countries to which all exports are subject to restrictions. The ECL contains a list of products designated as being of strategic military or industrial value, as well as other products included for purposes of conservation (such as endangered species) or trade agreement monitoring (such as steel products). The ECL specifies that export permits do not have to be obtained where the goods and technology listed are being exported to the US. The exceptions to the general exemption for US-bound shipments are atomic energy materials, various endangered species, and certain forestry products.

Under a bilateral arrangement with the US, export permits are not required for most ECL items when shipped to a final destination in the United States. If the ECL goods are only transiting the US for export to other destinations, an export permit is required. However, all goods in Groups 3 (Nuclear Non-Proliferation) and 4 (Nuclear-Related Dual-Use) and some goods in Groups 2 (Munitions), 5 (Miscellaneous), 7(Chemical and Biological Weapons Non-Proliferation), and 8 (Chemicals for Production of Illicit Drugs) require an individual export permit when the final destination is the United States. Military export permits are normally denied to countries representing a strategic threat to Canada or its allies. These include countries involved in or under imminent threat of hostilities, countries under UN sanction, or countries whose governments have a persistent record of serious human rights violations, unless there is no reasonable risk that the goods might be used against the civilian population.

For further information, including which items require permits to the US, contact the Export Controls Division at the Department of Foreign Affairs and International Trade in Ottawa at Tel: (613) 996-2387; Fax: (613) 996-9933; or in the Internet website: http://www.dfait-maeci.gc.ca/.

Temporary Entry

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American citizens and other visitors to Canada may bring certain personal goods into Canada duty and tax-free, provided that all such items are declared to Canada Customs and Revenue upon arrival and are not subject to restriction. The temporary entry of certain types of business material (e.g., brochures, commercial samples, and audio-visual projection equipment) may either be subject to the full or reduced rate of duty and tax. If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required. For further information, please contact the Canada Customs and Revenue Agency representative at the Canadian Embassy in Washington at Tel: (202) 682-1740 or Fax: (202) 682-7689.

Labeling and Marking Requirements

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Canada requires bilingual labeling (English and French) for most products. The federal Consumer Packaging and Labeling Act require bilingual designation of the generic name on most prepackaged consumer products. Under this Act, the following information must appear on the package/label of a consumer good sold in Canada:

Product Identity Declaration: describes a product's common or generic name, or its function. The declaration must be in both English and French.

Net Quantity Declaration: should be expressed in metric units of volume when the product is a liquid or a gas, or is viscous; or in metric units of weight when the product is solid or by numerical count. Net quantity may be expressed in other established trade terms.

Dealer's Name and Principal Place of Business: where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.

The agency responsible for inspection of imports, Canada Customs and Revenue Agency, also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods not properly marked cannot be released from Canada Customs until suitably marked.

The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, directions for use, public signs and written advertising.

Finally, industry is charged with ensuring that any claims about a product being "environmentally-friendly" are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, misleading or irrelevant, or that cannot be substantiated, should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising, which may be obtained by contacting Industry Canada.

Prohibited and Restricted Imports

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Under the NAFTA, the vast majority of US products shipped to Canada enter the market free from any tariffs or import restrictions. However, under the provisions of the Canadian Customs tariff regulations, certain commodities, such as reprints of Canadian copyrighted work, cannot be imported. Other items are regulated under the Export and Import Permits Act and require a permit for importation into Canada. The Act lists various agricultural products (poultry, eggs, and dairy products), a number of textile and clothing items, and certain steel products. Inquiries regarding the issuance of import permit and quota allocations should be directed to the Department of Foreign Affairs, Export and Import Controls Bureau in Ottawa. Tel: 613-996-3711 (textiles and clothing); Tel: 613-995-8358 (steel products); Tel: 613-995-2744 (agricultural products).

Customs Contact Information Return to top

Customs and important cross-border tax information can be obtained from the following sources:

Canada Border Services Agency:

http://www.cbsa-asfc.gc.ca/menu-e.html

Canada Revenue Agency:

http://www.cra-arc.gc.ca/menu-e.html

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- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking

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This report gives a detailed overview of the Canadian standards development and product testing and certification systems. Products shipped to Canada must conform to the relevant Canadian standard. In most instances, Canadian and U.S. standards are very similar, and products designed to conform to U.S. standards will meet Canadian standards with little or no modification. In some product areas, such as air conditioning and refrigeration, U.S and Canadian standards have been harmonized into a single North American standard. Similarities between U.S. and Canadian standards, however, do not relieve the U.S. exporter of the obligation to meet the Canadian standard.

In delineating the precise technical specifications required to ensure safety, both countries often use slightly different standards. This is an area in which standards officials and standards development organizations will find fruitful to explore. The Canadian view on "the tyranny of small differences" is discussed below in the context of the recently released External Advisory Committee Report on Smart Regulation.

Principles of standards regulation in Canada should be examined in light of the basic rules of the basic rules of the WTO Agreement on Technical Barriers to Trade and of the North American Free Trade Agreement signed by the United States, Canada and Mexico: standards must not create unnecessary barriers to trade. To reduce such barriers, the NAFTA applies basic principles to bilateral trade:

Testing facilities and certification bodies are treated in a nondiscriminatory manner.
Federal standards-related measures will be harmonized to the greatest extent possible.
Greater openness will be provided in the regulatory process.

This report is drawn in large part on information on the Canadian standards-related websites cited below, in particular, the Canadian government's overview of the Canadian standards system:
http://www.innovationstrategy.gc.ca/gol/innovation/site.nsf/en/in04929.html.

(b) National Standards System

Canada's National Standards System (NSS) is the system for developing, promoting and implementing standards in Canada. The NSS includes more than 400 organizations accredited by the Standards Council of Canada. These organizations are involved in several activities: standards development, product testing and quality ("conformity assessment"), product or service certification, and environmental management and production systems registration. More than 15,000 Canadian members contribute to committees that develop national or international standards.

The NSS does not include all standards in Canada. Nor is the system static: organizations can and do join and leave the system. Many standards used in Canada that are not National Standards may have been developed by Canadian standards development organizations (SDOs) and not put forward as a National Standard of Canada, often because of the cost of translating the standard into both official languages (English and French). In other cases, international, regional or foreign SDOs, such as the ISO, may have developed the standards. In addition, organizations not accredited by the SCC develop some standards. Important non-NSS standards include the Building Code, developed by the National Research Council.

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Standards Council of Canada

A federal Crown corporation, the Standards Council of Canada (SCC), coordinates standardization activities in Canada, including the designation of National Standards of Canada. Located in Ottawa, the Standards Council has a 15-member governing Council and a staff of approximately 80. The organization reports to Parliament through the Minister of Industry and oversees Canada's National Standards System. The SCC is comprised of representatives from the federal and provincial governments as well as from a wide range of public and private interests. It prescribes policies and procedures for developing National Standards of Canada, coordinates Canada's participation in the international standards system, and accredits more than 400 organizations involved in standards development, product or service certification, testing and management systems registration activities in Canada. The SCC is independent of government, although it remains partially financed by public funds. SCC members are appointed by the Governor in Council of the SCC, and include a wide range of interests so that no one party dominates policy directions.

The SCC does not develop standards itself, nor does it conduct conformity assessment. Rather, under its mandate to coordinate and oversee the efforts of the National Standards System, the SCC accredits testing and certification organizations to conduct conformity assessment and reviews the standards submitted by standards development organizations for approval as National Standards of Canada. This designation indicates that a standard is the official Canadian standard on a particular subject. It also shows that the development process met certain specified criteria. National Standards of Canada may be developed in Canada or adopted, with or without changes, from international standards.

On the global stage, the SCC serves as the National Enquiry Point for information from around the world concerning upcoming regulatory and standardization changes impacting trade. This service is a requirement of Canada's membership in both the World Trade Organization (WTO) and the North America Free Trade Agreement (NAFTA). Internationally, the Standards Council manages Canada's participation in the International Organization for Standardization (ISO) and the

International Electrotechnical Commission (IEC), and in regional standards organizations. It also encourages the adoption and application of international standards in Canada.

The Standards Council has accredited more than 400 organizations. Some of these develop standards; others are conformity assessment bodies that determine the compliance of products or services to a standard's requirements. The list of accredited organizations includes:

- standards development organizations;
- certification organizations;
- testing and calibration laboratories;
- environmental management systems (EMS) registration organizations that perform registrations to the ISO 14000 series standards; and
- auditor certifiers and trainers that provide QMS and EMS auditors with their training and credentials.

There are four accredited standards development organizations (SDOs) in Canada: the Canadian Standards Association (CSA), Underwriters' Laboratories of Canada (ULC), the Canadian General Standards Board (CGSB), and the Bureau de normalisation du Québec (BNQ). Each of these organizations develops standards through committees representing various interests. SDOs may submit standards to the SCC to be recognized as National Standards of Canada. They can also develop standards-related documents such as codes and guidelines (non-mandatory guidance and information documents).

The CSA and ULC are private, not-for-profit organizations. They are market-driven to the extent that their activities are governed by the willingness of affected parties to pay for and participate in standardization activities. Although funded primarily through the sale of conformity assessment services, their standards development activities are not restricted to the areas in which they have conformity assessment programs. For example, only about one-third of CSA's 1,800 standards have related conformity assessment service offerings.

The BNQ and CGSB, by contrast, are both public sector organizations that run on cost recovery.

As with the CSA and ULC, they offer standards development services in addition to conformity assessment services. Like the private sector organizations, they do not restrict their standards development activities to cases for which they have or could have conformity assessment programs. However, unlike their private sector counterparts, their standards development activities are not subsidized by the sales of conformity assessment services; rather, they seek funding for each standards development project from stakeholders and interested parties.

Although the SCC provides secretariat services to all of the Canadian Advisory Committees (CACs/CSCs) that support Canadian representatives on ISO and IEC technical committees, in some cases, individual SDOs provide funding for and service the CACs/CSCs. Under the auspices of the SCC, Canadian SDOs also provide the secretariat and funding for some ISO and IEC committees.

None of the four organizations have unified annual plans on their websites of standards that they plan to develop. However, their websites all explain their standards development processes and all have newsletters available by e-mail subscription and/or other information sources to assist companies in keeping current with new developments. Companies should become familiar with the development process, especially the proposal stage. Most important, interested companies should become familiar with the members of the specific committee of experts responsible for the relevant product or industry sector, which will enable them to learn at the earliest time of new standards development plans.

Standards organizations in the United States and Canada continue to work cooperatively in the development of joint standards and have made progress in several areas. For example, the Air Conditioning and Refrigeration Institute and the CSA have harmonized performance standards into a single North American standard for air conditioners and heat pumps, packaged water chillers, and water-source heat pumps. UL and CSA have established common electrical safety standards for air conditioners, heat pumps, and refrigerant motor-compressors.

Canadian standards are distributed by the four accredited standards development organizations (CSA, CGSB, ULC and BNQ). The Standards Council of Canada's search page contains a database of standards available for purchase. In addition, the SCC offers a number of specialized information standards services:

Information Services
SCC employs a team of bilingual information professionals who can provide free information on standardization.

Research Services
SCC has a bilingual custom research service, which provides personalized information on a growing range of standards, legislation, and certification issues in many world markets.

On-Site Technical Library
Canada's most comprehensive standards collection can be accessed by the public.

The following is an overview of the four Canadian standards development organizations:

The Canadian Standards Association (CSA)

Founded in 1919, the Canadian Standards Association is Canada's largest and oldest SDO and offers standards development, testing, certification and management systems registration services in a wide range of areas. A private, not-for-profit organization, it has published more than 2,000 consensus standards and guidelines in 40 technology areas. CSA has 1,300 standards committees. CSA develops standards in the following areas:

- business/management systems
- communications/information

- construction
- electrical and electronics
- environment
- gas equipment
- health care
- materials technology
- transportation/distribution

Draft standards, draft amendments, and endorsements are available for public review and comment before the committee approves them. The comment period is normally 60 days from the date posted. Comments should be returned as quickly as possible, so that CSA can pass them on to the appropriate committee for review. A list of drafts available for public review is available on the CSA website: https://review.csa.ca/opr/.

The standards development process under which CSA and other SDOs operate is well developed and formally documented and controlled. As stated on the CSA website, this process includes seven distinct stages:

- **Preliminary Stage**: On receipt of a request for the development of a standard, an evaluation is conducted and the project is submitted for authorization.
- **Proposal Stage**: Public notice of intent to proceed is published and a Technical Committee is formed - or the project is assigned to an existing Technical Committee.
- **Preparatory Stage**: A working draft is prepared and a project schedule is established.
- **Committee Stage**: The Technical Committee or Technical Subcommittee - facilitated by CSA staff - develops the draft through an iterative process that typically involves a number of committee meetings.
- **Enquiry Stage**: The draft is offered to the public for review and comment, the Technical Committee reaches consensus, CSA staff conduct a quality review and a pre-approval edit is completed.
- **Approval Stage**: The Technical Committee approves the technical content by letter ballot or recorded vote. A second level review verifies that standards development procedures were followed.
- **Publication Stage**: CSA staff conducts a final edit to verify conformity with the applicable editorial and procedural requirements and then publishes and disseminates the standard.
- **Maintenance Stage**: The standard is maintained with the objective of keeping it up to date and technically valid. This may include the publication of amendments, the interpretation of a standard or clause, and the systematic (five-year) review of all standards.

CSA standards are available for purchase in the online store on the CSA website.

Endorsed standards are non-Canadian standards that have been reviewed by the appropriate Technical Committee and approved for use in Canada without modification. Endorsed standards are not sold by CSA. For more information, call the CSA

Information Centre at (416) 747-4058. A downloadable list of endorsed standards can be found at: http://www.csa.ca/standards/default.asp?load=endorsed&language=english.

Underwriters Laboratories of Canada (UL)

Established in 1920 as a not-for-profit organization, Underwriters Laboratories of Canada offers a range of services, including standards development, certification, testing and management systems registration in a wide range of areas. The Standards Council of Canada, under the National Standards System, accredits it. The ULC has published more than 240 standards and other recognized documents, many of which are referenced in codes and government regulations. The ULC's standards development process is explained on the ULC website.

The Canadian General Standards Board

Established in 1934 by the federal government, the Canadian General Standards Board offers a range of standardization services on a cost-recovery basis to both the public and private sectors. These services include standards development, certification and qualification listing, and management systems registration in a broad range of subject areas. Part of the federal department of Public Works and Government Services Canada, the CGSB focuses on providing services in support of government mandates and their related programs.

As a participant in the National Standards System of Canada, the CGSB offers a wide range of standards development services, including development of International (ISO) Standards, National Standards of Canada (NSC), CGSB standards, specifications, and Government of Canada (GC) forms. CGSB maintains approximately 1,600 standards. Standards and specifications are developed by committees of volunteers, experts in their fields working according to the CGSB process. These standards cover a wide range of products and services, including:

- building and construction
- business (office) equipment and supplies
- communications and information technology
- environmental technology
- fuel and energy products
- health care technology
- lifestyles and environment
- procurement
- public safety
- textiles and clothing
- transportation and distribution

The standards development process of the CGSB is explained on the CGSB website.

Bureau de normalisation du Québec

The Quebec government established the Bureau de normalisation du Québec (BNQ) in 1961, initially to serve the procurement needs of the provincial government. The BNQ offers a range of standardization services, including standards development, certification, management systems registration and laboratory accreditation. As with the other SDOs, the BNQ is reaching beyond its traditional market to offer its services in English in other regions of Canada and in the United States. Since 1990, the BNQ has been part of the Centre de recherche industrielle du Québec. BNQ is a member organization of the National Standards System of Canada and operates in the fields of:

- standards development;
- product, process, service and person certification; and
- system registration of quality and environmental management systems The standards development process of the BNQ is stated on the **BNQ website**.

The Future of Standards Development in Canada

In a report issued in September 2004, the Canadian federal government's External Advisory Committee on Smart Regulation made a number of recommendations concerning international cooperation in standards development. These included the following comments and recommendations:

- The Canadian federal government should include international regulatory cooperation as a distinct part of Canadian foreign policy.
- North America should be the primary and immediate focus of the federal government's international regulatory cooperation efforts. The federal government should work to:
  - achieve compatible standards and regulation in areas that would enhance the efficiency of the Canadian economy and provide high levels of protection for human health and the environment;
  - eliminate small regulatory differences and reduce regulatory impediments to an integrated North American market;
  - move toward single review and approval of products and services for all jurisdictions in North America; and
  - put in place integrated regulatory processes to support key integrated North American industries (e.g. energy, agriculture, food) and provide more effective responses to threats to human and animal health and the environment.
- When developing new regulatory frameworks, the federal government should review and adopt international approaches wherever possible. The federal

government should limit the number of specific Canadian regulatory requirements.

- Specific Canadian regulatory requirements may be appropriate when:

  - there is no commonly agreed upon international or North American standard;
  - important national priorities, unique Canadian circumstances or Constitutional values require different approaches; or
  - the government does not have sufficient confidence that the regulatory processes, practices, results and/or decisions of a trading partner will meet Canadian policy objectives.

- Where specific Canadian regulatory requirements are adopted, the federal government should reduce or minimize the cumulative impact of regulatory differences on trade and investment by:

  - assessing alternative instruments for meeting policy objectives (e.g. voluntary measures, information strategies);
  - promoting the use of performance-based approaches where possible; and
  - establishing the appropriate accountability structures to review requirements regularly to ensure that policy objectives are being met and eliminate those regulations that are no longer necessary.

- Specific Canadian requirements should be limited to where:

  - there is no commonly agreed upon international or North American standard;
  - there are important national priorities;
  - unique Canadian circumstances or Constitutional values require a different approach;
  - or the government has not yet developed sufficient confidence in the regulatory processes, practices results and/or decisions of a key trading partner to meet Canadian policy objectives.

If the Canadian government accepts these recommendations, it would make it easier for U.S. exporters to comply with Canadian standards.

Conformity Assessment

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Product testing, known as *conformity assessment,* is usually carried out by a testing and certification organization or laboratory that has been accredited to conduct that test and certify that product's conformity with the applicable standard. Regulated products must be tested and certified; there is no legal requirement to test non-regulated products.

Certification bodies (CBs) attest, by authorizing the display of their certification mark, that products or services conform to a standard. They regularly inspect and audit processes and products. There are **11 CBs in Canada and 16 U.S.-based organizations** that have been SCC accredited. These organizations have registered trademarks or logos giving a visible indication that products or services comply with a standard.

The Standards Council accredits six types of conformity assessment organizations:

- testing and calibration laboratories
- management systems registration bodies
- personnel certification bodies
- product certification bodies
- inspection bodies
- auditor course providers

The most important conformity assessment organizations are discussed in the next section of this report.

Product Certification [Return to top]

U.S. manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming and, therefore, certification should be one of the first steps taken to establish an export market in Canada.

For U.S. exporters unsure of Canadian certification requirements, the first step is to contact the SCC directly in order to determine: (1) what testing is required, and (2) what organizations are accredited to conduct that testing and certification. For many products, U.S. exporters will learn that a U.S. laboratory has been accredited (see next section below) and the manufacturer need only submit the product to one lab instead of spending the time and money to have the product tested by both a U.S. and a Canadian lab.

CSA International, the conformity assessment and product certification organization in the CSA Group, and the other four standards development organizations, ULC, CGSB and BNQ, are also engaged in conformity assessment and product certification.

CSA International handles the following product certification areas:

- appliances
- chemicals
- energy efficiency
- fuel burning equipment
- gas accessories & components
- gas appliances & equipment
- hazardous locations
- heating & air conditioning
- home entertainment
- industrial controls & switchgear
- information technology (IT)
- lighting products
- mobile homes - recreational vehicles / occupational health & safety
- medical - laboratory equipment
- photometrics
- plumbing products
- process control & power supplies
- telecommunication - sensing and signaling equipment
- water quality
- wire and cable
- wiring devices

Underwriters Laboratories in the United States (UL) and CSA have a memorandum to accept each other's test results. However, each issues its own certification marks.

In addition to regular product certification, CSA International provides for special inspection to meet the needs of manufacturers or importers that sell limited quantities of products in the following three categories:

Special Inspection For Electrical Health Care Products

Special Inspection For Other Electrical Products

Special Inspection For Gas Products

Further information on special inspection is available at: http://www.csa-international.org/service_options/field_evaluation/special_inspections_for_canada/.

ULC tests in the following areas:

- chemicals and chemical products
- constructions
- elastomers & protective and other coatings
- electrical and electronic products
- environmental testing and occupational health and safety
- machinery
- marketplace products - consumer and business
- nondestructive examination
- non-metallic minerals and products
- textiles and fibrous materials
- wood products

CGSB certification and qualification program lists cover the following products and services:

- carpets and underlay
- construction materials
- medical products
- office furniture
- packaging
- paints and coatings
- protective clothing
- security personnel
- testing services (laboratory acceptance program)
- toner cartridges

BNQ verifies the conformity of products, processes, services and persons and develops certification programs in the following fields:

- recreational and tourist services
- agriculture, fertilizers and farm organization and management
- health technology and hospital equipment
- health and safety environment and protection

- piping and accessories
- road and special vehicles
- textile products
- civil and road engineering
- food technology
- chemical engineering
- metallurgy, iron and steel products
- domestic and commercial equipment and wood technology
- construction materials and building installations
- trades as cooks, pastry cooks, chefs and pastry chefs

In addition, under an agreement reached with the SCC, the BNQ has the authority to assess the laboratories in Québec that wish to be accredited in the framework of the Testing Laboratory Assessment Program — Canada (PALCAN).

BNQ can also grant food safety certification according to the HACCP principles (Hazard Analysis and Critical Control Points) under an agreement with MAPAQ.

Accreditation

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The relevant Canadian authority must accredit testing and certification organizations that conduct conformity assessment, which in most cases is the SCC. The Standards Council of Canada (SCC) offers accreditation to over 500 mostly Canadian laboratories that conduct scientific testing in a variety of subjects and program specialty areas through the Program for the Accreditation of Laboratories/Canada, better known by its bilingual acronym PALCAN.

The North American Free Trade Agreement (NAFTA) provides that testing facilities, inspection agencies, and certification bodies of the United States, Canada and Mexico may be accredited in another NAFTA country without obligation to establish facilities in the other country. NAFTA thus allows U.S. exporters to get "one-stop shopping" product approval for both the United States and Canada by submitting their product to only one organization in order to get product certification for both countries. This eliminates the time and expense of obtaining separate certifications for each market. Numerous U.S. testing and certification organizations have received accreditation from the SCC. A complete list of these organizations is available on the website of the Standards Council of Canada: http://www.scc.ca/en/programs/product_cert/index.shtml.

Provincial regulations, however, do not fall under the NAFTA accreditation framework. U.S. companies faced with difficulties in obtaining provincial approvals should consult with the U.S. Commercial Service to determine nature of the problem. In the opinion of the Canadian Chamber of Commerce, the most contentious regulatory issue for business is overlapping federal and provincial/territorial regulations and separate regulatory regimes among the provinces and territories which discourage companies from expanding into new provincial/territorial jurisdictions due to the added costs of regulatory compliance.

Publication of Technical Regulations

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The national gazette of Canada is the Canada Gazette. The online version is located at http://canadagazette.gc.ca.

Members of the World Trade Organization (WTO) included the United States and Canada are required under the Agreement on Technical Barriers to Trade (TBT Agreement) World Trade Organization Agreement on Technical Barriers to Trade (http://www.wto.org/english/docs_e/legal_e/17-tbt.pdf) to report proposed technical regulations that may affect trade to the WTO Secretariat, who in turn distributes them to all WTO Members.

The U.S. National Center for Standards and Certification (NCSCI) of the National Institute of Standards and Technology (NIST) offers a free web-based Export Alert! Service that provides U.S. industry with the opportunity to review and comment on proposed foreign technical regulations that can affect their businesses. By registering for the Export Alert! service, U.S. companies receive, via e-mail, notifications of drafts or changes to foreign regulations for a specific industry sector and/or country. Notifications of the proposed foreign regulation contain a description of the regulation, the country issuing the regulation, and a final date for comments. Copies of the full text are available upon request from NSCSI. Companies can register for Export Alert! by clicking on the "Register for Export Alert!" link on the NSCSI/NIST website: http://ts.nist.gov/ts/htdocs/210/ncsci/export-alert.htm.

The Export Alert service is actually provided to NIST by the SCC, as the registration link is to the SCC website: https://alert.scc.ca/exportalert/us/index.cgi.

This shows the close working relationship between NIST and the SCC, as the SCC is providing alerts of new regulations for both Canada and other markets that U.S. exporters may have an interest in.

Comments regarding proposed regulatory measures should be forwarded to NCSCI at ncsci@nist.gov prior to the comment deadline date indicated on notifications. All requests for extensions of comment dates will be considered and should also be forwarded to NCSCI.

Persons who plan to comment on a foreign regulation should contact NCSCI for guidance. If there is insufficient time to review and comment on the regulation, NCSCI staff will request an extension of the comment period. For more information on NCSCI services for U.S. exporters to Canada, see the NCSCI website:

http://ts.nist.gov/ts/htdocs/210/ncsci/tbtmotif.htm.

The U.S. Department of Commerce's Trade Compliance Center (http://www.export.gov/tcc/) serves as a point of contact for U.S. companies to submit information on a foreign trade barrier or unfair trade practice they have encountered that is limiting their ability to export or compete internationally.

Labeling and Marking

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Canada requires bilingual labeling (English and French) for most products. The federal Consumer Packaging and Labeling Act requires bilingual designation of the generic name on most prepackaged consumer products. Under this Act, the following information must appear on the package/label of a consumer good sold in Canada:

Product Identity Declaration: describes a product's common or generic name, or its function. The declaration must be in both English and French.

Net Quantity Declaration: must be expressed in metric units of volume when the product is a liquid or a gas, or is viscous; or in metric units of weight when the product is solid or by numerical count. Net quantity may also be expressed in other established trade terms.

Dealer's Name and Principal Place of Business: where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.

The agency responsible for inspection of imports, the Canada Customs and Revenue Agency, also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods not properly marked cannot be released from Canada Customs until suitably marked.

The Province of Quebec requires that all products sold in that province be labeled in French and that the use of French be given equal prominence with other languages on any packages or containers. The Charter of the French Language requires the use of French on product labeling, warranty certificates, product manuals, instructions for use, public signs and written advertising.

U.S. exporters of textile and apparel should check the website of Industry Canada’s Competition Bureau for specific labeling requirements:

http://competition.ic.gc.ca/epic/internet/incb-bc.nsf/en/cp01117e.html.

Food exporters should check the Canadian Food Inspection Agency’s Guide to Food Labeling and Advertising.

Finally, industry is charged with ensuring that any claims about a product being "environmentally-friendly" are accurate and in compliance with relevant legislation. In general, environmental claims that are ambiguous, misleading or irrelevant, or that cannot be substantiated, should not be used. In all cases, environmental claims should indicate whether they are related to the product itself or to the product's packaging materials. The Canadian government has issued a set of guiding principles governing the use of environmental labeling and advertising, which may be obtained by contacting Industry Canada.

Trade Agreements

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The US-Canada FTA, implemented in 1989, vastly expanded opportunities for US exporters and investors in Canada. As a result of the FTA and the 1994 NAFTA, trade barriers came down, investment rules were liberalized, and bilateral cooperation on a wide range of issues has been expanded. Like the United States, Canada is a member of the World Trade Organization (WTO) and was a founding member of its predecessor, the General Agreement on Tariffs and Trade (GATT). Canada has also been an active member of both the Asia-Pacific Economic Cooperation (APEC) forum and the Free Trade Area of the Americas (FTAA) negotiation process.

Canada and Israel implemented a bilateral FTA at the start of 1997 that is similar to the US-Israel FTA, but does not deal with government procurement. Canada and Chile implemented a bilateral FTA in mid-1997. This FTA was explicitly designed to facilitate Chile's eventual accession to NAFTA, and includes parallel agreements on environmental protection and labor standards. It immediately eliminates Chile's 11 percent duty on most industrial and resource-based exports from Canada, and commits the two countries to eliminate the use of trade remedy laws against each other's firms within six years. Canada and Costa Rica signed a bilateral FTA in 2001. Canada is currently negotiating an FTA with four other Central American countries (Guatemala, Honduras, Nicaragua, and El Salvador) and is contemplating negotiations with the Caribbean Community ("CARICOM").

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Canada's Competition Bureau

http://competition.ic.gc.ca/epic/internet/incb-bc.nsf/en/cp01117e.html.

U.S. Department of Commerce's Trade Compliance Center

http://www.export.gov/tcc/

The national gazette of Canada is the Canada Gazette. The online version is located at

http://canadagazette.gc.ca.

Standards Council of Canada:

http://www.scc.ca/en/programs/product_cert/index.shtml.

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Chapter 6: Investment Climate

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A. Openness to Foreign Investment

1. General Attitude

With few exceptions, Canada offers foreign investors full national treatment within the context of a developed open market economy operating with democratic principles and institutions. Canada is, however, one of the few OECD countries that still have a formal investment review process, and foreign investment is prohibited or restricted in several sectors of the economy.

Canada's economic development is, to a certain extent, reliant on foreign investment inflows. In terms of revenue, four foreign-owned firms rank among the top ten corporations in Canada, and the government estimates that foreign investors control about one-quarter of total Canadian non-financial corporate assets. The stock of global foreign direct investment in Canada in 2002 was US$223 billion, or 32.5 percent of Canadian GDP.

The United States and Canada agree on important foreign investment principles, including right of establishment and national treatment. The 1989 FTA recognized that a hospitable and secure investment climate was indispensable if the two countries were to achieve the full benefits of reducing barriers to trade in goods and services. The agreement established a mutually beneficial framework of investment principles sensitive to the national interests of both countries, with the objective of assuring that investment flowed freely between the two countries and that investors were treated in a fair and equitable manner. The FTA provided higher review thresholds for US investment in Canada than for other foreign investors, but it did not exempt all American investment from review nor did it override specific foreign investment prohibitions, notably in the cultural area. The 1994 NAFTA incorporated the gains made in the FTA, expanded the coverage of the Investment Chapter to several new areas, and broadened the definition of investors with rights under the agreement. It also created the right to binding investor-state dispute settlement arbitration in specific situations.

2. Legal Framework

Since 1985, foreign investment policy in Canada has been guided by the Investment Canada Act (ICA), which replaced the more restrictive Foreign Investment Review Act. The ICA liberalized policy on foreign investment by recognizing that investment is central to economic growth and is the key to technological advancement. At the same time, it provided for a review of large acquisitions in Canada by non-Canadians and imposed a requirement that these investments be of "net benefit" to Canada. For the vast majority of small acquisitions, as well as the establishment of new businesses, foreign investors need only notify the Canadian government of their investment.

While the ICA provides the basic legal framework for foreign investment in Canada, investment in specific sectors may be covered by special legislation. For example, foreign investment in the financial sector is administered by the federal Department of Finance, and the Broadcast Act governs foreign investment in radio and television broadcasting. Under provisions of Canada's Telecommunications Act, foreign ownership of transmission facilities is limited to 20 percent direct ownership and 33 percent through a holding company, for an effective limit of 46.7 percent total foreign ownership.

Canada's federal system of government subjects investment to provincial as well as national jurisdiction. Provincial restrictions on foreign investment differ by province, but are largely confined to the purchase of land and to certain types of provincially regulated financial services. In addition, provincial government policies in the areas of labor relations and environmental protection can have an important impact on foreign investors.

3. Investment Canada Act

The Investment Canada Act is intended to regulate foreign investment in Canada. (Please see: www.investcan.ic.gc.ca.) For investments in a business activity that is related to Canada's cultural heritage or national identity, the federal department responsible for the administration of the ICA is Canadian Heritage. For investments in enterprises that are not related to Canada's cultural heritage or national identity, Industry Canada is responsible for the administration of the ICA.

Investment Canada must be notified of any investment by a non-Canadian to establish a new business, regardless of size, or to acquire direct control of any existing business that has assets of at least C$5 million, or to acquire the indirect control of any existing Canadian business with assets exceeding C$50 million in value. However, the C$5 million threshold was increased to C$223 million in 2003 in cases where the acquiring non-Canadian entity is a member of the World Trade Organization (WTO). Also, there is no review process applicable to an indirect acquisition of a Canadian business by any member of the WTO, with the exception of foreign acquisitions of any size in "cultural industries" (publishing, film, music, etc.).

4. Special Treatment for US Investment

US foreign direct investment in Canada is subject to the Investment Canada Act, but the NAFTA further defines the investment relationship between the two countries and adopts the principle of national treatment. The basic obligation assumed by the two countries in Chapter Eleven of the NAFTA is to ensure that future regulation of Canadian investors in the United States, and of US investors in Canada, results in treatment no different than that extended to domestic investors within each country -- "national treatment." Both governments are completely free to regulate the ongoing operation of business enterprises in their respective jurisdictions under, for example, antitrust law, provided they do not discriminate. This principle is founded on the basis of existing practice and is detailed in the framework below.

Canada retains the right to review the acquisition of firms in Canada by US investors, but agrees to phase in higher threshold levels. The current (July 2004) review threshold for direct acquisitions is C$237 million. Also, the Government of Canada has announced its intention to sell its remaining C$19 million shares in Petro-Canada, a publicly traded integrated oil company which was once government owned. Indirect acquisitions by WTO member investors do not require review, but are nonetheless subject to notification.

Existing laws, policies and practices were "grandfathered" in, except where specific changes were required. The practical effect of this was to freeze the various exceptions to national treatment provided in Canadian and US law, such as restrictions on foreign ownership in the communications and transportation industries. Additionally, both governments remain free to tax foreign-owned companies on a different basis from domestic firms, provided this does not result in arbitrary or unjustifiable discrimination, and to exempt the sale of Crown (government-owned) corporations from any national treatment obligations. Finally, the two governments retain some flexibility in the application of national treatment obligations. They need not extend identical treatment, as long as the treatment is "equivalent."

The NAFTA also deals more specifically with the financial services sector. Chapter Fourteen on financial services eliminates discriminatory asset and capital restrictions on US bank subsidiaries in Canada. It also exempts US firms and investors from the federal "10/25" rule so that they will be treated the same as Canadian firms. The "10/25" rule prevents any single non-NAFTA, nonresident from acquiring more than ten percent of the shares, and all such nonresidents in the aggregate from acquiring more than 25 percent of the shares of a federally regulated, Canadian-controlled financial institution. In 2001, the GOC raised the 10 percent rule to 20 percent for single shareholders.

Both the ten percent and the 25 percent limitations were eliminated for American investors in federally chartered, non-bank financial institutions. Several provinces, however, including Ontario and Quebec, have similar "10/25" rules for provincially chartered trust and insurance companies which were not waived under the FTA.

Bilateral services trade is largely free of restrictions and the NAFTA ensures that restrictions will not be applied in the future. However, existing restrictions were not affected by the NAFTA. The services agreement is primarily a code of principles, which establishes national treatment, right of establishment, right of commercial presence, and transparency for a number of service sectors specifically enumerated in annexes to the NAFTA. The NAFTA also commits both parties to expand the list of covered service sectors.

The NAFTA grants US firms that operate from the United States national treatment for most Canadian federal procurement opportunities. However, inter-provincial trade barriers exist which often exclude US firms established in one Canadian province from bidding on another province's procurement opportunities. As a first step in the ongoing and difficult process of reducing trade barriers within Canada, the federal, provincial and territorial governments negotiated an Internal Trade Agreement that came into effect on July 1, 1995. The Agreement provides a framework for dealing with trade in ten specific sectors and establishes a formal process for resolving trade disputes.

Besides the areas described above, the NAFTA includes provisions that: enhance the ability of US investors to: enforce their rights through international arbitration; prohibit a broader range of performance requirements, including forced technology transfer; and expand coverage of the investment chapter to include portfolio and intangible investments as well as direct investment.

5. Investments In "Cultural Industries"

Canada defines "cultural industries" to include:

*the publication, distribution or sale of books, magazines, periodicals or newspapers, other than the sole activity of printing or typesetting;
*the production, distribution, sale or exhibition of film or video recordings, or audio or video music recordings;

*the publication, distribution or sale of music in print or machine-readable form;

*any radio, television and cable television broadcasting undertakings and any satellite programming and broadcast network services.

The ICA requires that foreign investments in the book publishing and distribution sector be compatible with national cultural policies and be of net benefit to Canada. Takeovers of Canadian-owned and controlled distribution businesses are not allowed. The establishment of new film distribution companies in Canada will only be allowed for importation and distribution of proprietary products. (In other words, the importer would have to own world rights or be a major investor). Indirect and direct takeovers of foreign distribution businesses operating in Canada are allowed only if the investor undertakes to reinvest a portion of its Canadian earnings.

The Broadcasting Act sets out the broadcasting policy for Canada, the objectives of which include enriching and strengthening the cultural, political, social and economic fabric of Canada. The Canadian radio-television and telecommunications commission (CRTC) is charged with implementing the broadcasting policy. Under current CRTC policy, in cases where a Canadian service is licensed in a format competitive with that of an authorized non-Canadian service, the commission can drop the non-Canadian service if a new Canadian applicant requests it to do so. Licenses will not be granted or renewed to firms that do not have at least 80 percent Canadian control, represented both by shareholding and by representation on the board of directors.

All investments in newspapers and periodicals require Canadian government review. Authority for reviewing prospective foreign investments resides with the Minister for Canadian Heritage. Under terms of an agreement signed in June 1999, Canada committed to significantly lower its barriers to foreign magazines. Canada agreed to permit up to 51 percent foreign equity in a magazine enterprise, up from the previous 25 percent, and to increase this level to 100 percent by June 2000. As of June 2002, US magazines exported to Canada are permitted to carry 18 percent of total ad space with advertising aimed primarily at the Canadian market. Canada also committed to provide non-discriminatory tax treatment under Section 19 of the Income Tax Act. In this context, Canada eliminated the nationality requirement in June 2000, and Canadian advertisers may now place ads in any magazine regardless of the nationality of the publisher or place of production. Canadian advertisers, merchants and service providers may now claim a tax deduction for one-half of their advertising costs if they place ads in foreign magazines with zero to 79 percent Canadian editorial content. They may deduct full advertising costs if the magazine contains 80 percent or more original (specifically for the Canadian market) editorial content.

6. Investments in the Financial Sector

Canada is open to foreign investment in the banking, insurance, and securities brokerage sectors, although, unlike the United States, Canada still has barriers to foreign access to retail banking. US firms are present in all three sectors, but play secondary roles, while Canadian banks have been much more aggressive in entering the US retail banking market because there are no barriers that limit access. Although American and other foreign banks have long been able to establish banking subsidiaries in Canada, no US banks have attempted to undertake retail banking operations in Canada, which is regarded as a fairly "saturated" market. Several US financial institutions have established branches in Canada, chiefly targeting commercial lending, investment banking, and niche markets such as credit card issuance.

7. Investments In Other Sectors

Commercial Aviation: Foreigners are limited to 25 percent ownership of Canadian air carriers.

Energy and Mining: Foreigners cannot be majority owners of uranium mines.

Telecommunications: Under provisions of Canada's Telecommunications Act, direct foreign ownership of Type I carriers (owners/operators of transmission facilities) are limited to 20 percent. Ownership and control rules are more flexible for holding companies that wish to invest in Canadian carriers. Under these rules, two-thirds of the holding company's equity must be owned and controlled by Canadians.

Fishing: Foreigners can own up to 49 percent of companies that hold Canadian commercial fishing licenses.

Electric Power Generation and Distribution: Regulatory reform in electricity continues in Canada, motivated by the expectation that increased competition will lower costs of electricity supply. The provincially owned firms are also interested in gaining greater access to the US power market. Since power markets fall under the competency of the Canadian provinces, they are at the forefront of the reform effort. The reforms will also help to integrate the US and Canadian electricity markets more closely.

Real estate: Primary responsibility for property law rests with the provinces. Prince Edward Island, Saskatchewan, and Nova Scotia all limit real estate sales to out-of-province parties. There is no constitutional protection for property rights in Canada. Consequently, government authorities can expropriate property, although appropriate compensation must be paid.

Privatization: Each specific privatization (at the federal or provincial levels of government) is considered on a case-by-case basis, and there is no overall limitations policy with regard to foreign ownership. As an example, the federal Department of Transport did not impose any limitations in the privatization of Canadian National Railway, whose majority shareholders are now US citizens.

8. Investment Incentives

Both federal and provincial governments in Canada offer a wide array of investment incentives, while municipalities are legally prohibited from doing so. None of the federal incentives, however, are specifically aimed at promoting or discouraging foreign investment in Canada. Rather, the incentives are designed to accomplish broader policy goals, such as investment in research and development, or promotion of regional economies. They are available to any qualified investor, Canadian or foreign, who agrees to use the funds for the stated purpose. Provincial incentives tend to be more investor-specific and are conditioned on applying the funds to an investment in the granting province. Provincial incentives may also be restricted to firms established in the province or that agree to establish a facility in the province. For example, the Canadian federal and Ontario governments have promised to contribute about US$150 million to support investment by Ford Canada in a new vehicle assembly plant.

Incentives for investment in cultural industries, at both the federal and provincial level, are generally available only to Canadian-controlled firms. Incentives may take the form of grants, loans, loan guarantees, venture capital, or tax credits. Incentive programs in Canada generally are not oriented toward the promotion of exports. Provincial incentive programs for film production in Canada are available to foreign filmmakers.

Conversion and Transfer Policies Return to top

These areas are unregulated, and present no problem for investor.

Expropriation and Compensation

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Canadian federal and provincial laws recognize both the right of the government to expropriate private property for a public purpose, and the obligation to pay compensation. The federal government has not nationalized any foreign firm since the nationalization of Axis property during World War II. Both the federal and provincial governments have also assumed control of private firms -- usually financially distressed ones -- after reaching agreement with the former owners.

Dispute Settlement

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Canada is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The Canadian government has made a decision in principle to become a member of the International Center for the Settlement of Investment Disputes (ICSID). However, since the legal enforcement mechanism for ICSID would be the provincial court system, the federal government must also obtain agreement from the provinces that they will enforce ICSID decisions. It is unlikely that this will happen in the foreseeable future.

Canada accepts binding arbitration of investment disputes to which it is a party only when it has specifically agreed to do so through a bilateral or multilateral agreement, such as a Foreign Investment Protection Agreement. The provisions of Chapter 11 of the NAFTA guide the resolution of investment disputes between the United States and Canada. The NAFTA encourages parties to settle disputes through consultation or negotiation. It also establishes special arbitration procedures for investment disputes separate from the NAFTA's general dispute settlement provisions. Under the NAFTA, a narrow range of disputes (those dealing with government monopolies and expropriation) between an investor from a NAFTA country and a NAFTA government may be settled, at the investor's option, by binding international arbitration. An investor who seeks binding arbitration in a dispute with a NAFTA party gives up his right to seek redress through the court system of the NAFTA party, except for proceedings seeking non-monetary damages.

Performance Requirements and Incentives Return to top

Canada does not explicitly negotiate performance requirements with foreign investors. For investments subject to review, however, the investor's intentions regarding employment, resource processing, domestic content, exports, and technology development or transfer can be examined by the Canadian Government. A special duty remission scheme exists for the automotive sector that makes certain benefits contingent on trade performance. The FTA prohibits the United States or Canada from imposing export or domestic content performance requirements. Government officials at both the federal and provincial levels expect investors who receive investment incentives to use them for the agreed purpose, but no enforcement mechanism exists.

Right to Private Ownership and Establishment Return to top

Investors have full rights to private ownership.

Protection of Property Rights

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Private property rights are fully protected by Canada's legal system. Foreigners have full and fair access to Canada's legal system. Only the rights of governments to establish monopolies and to expropriate for public purposes limit property rights. Investors from NAFTA countries have mechanisms available to them for dispute resolution regarding property expropriation by the Government of Canada.

Transparency of Regulatory System

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Canada's regulatory system is similar to that of the United States in terms of its transparency and broad array of institutions involved. Proposed regulatory laws are subject to parliamentary debate and public hearings, and regulations are issued in draft form for public comment prior to implementation. While federal and/or provincial licenses or permits may be needed to engage in economic activities, this kind of regulation is generally for statistical or tax compliance reasons. The Bureau of Competition Policy and the Competition Tribunal, a quasi-judicial body, enforce Canada's antitrust legislation.

Efficient Capital Markets and Portfolio Investment Return to top

Investment in Canada's capital markets present no problems to investors. As described above, the markets are open, accessible, and without onerous regulatory requirements.

Political Violence Return to top

Although rare, political violence does occur in Canada. Serbian demonstrators protesting the air war in Kosovo vandalized the United States Consulate General in Toronto in 1999. In addition, there have been some violent incidents related to trade and environmental disputes. There have been some minor demonstrations related to the U.S. presence in Iraq, but in general, these demonstrations are small, and peaceful.

Corruption

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Corruption in Canada, on an international scale, is low, and similar to the U.S. There have been recent discussions about inappropriate expenditure of government funds to support political activities, but this alleged corrupt activity was not related to foreign direct investment. Reports have been received, particularly from Quebec, of alleged mob activity, but again, not to the level that would require undue concern by investors. In general, the type of due diligence that would be required in the U.S. to avoid corrupt practices would be appropriate in Canada.

Bilateral Investment Agreements

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While the terms of the FTA and the NAFTA guide investment relations between Canada and the United States, Canada has also negotiated international investment agreements with non-NAFTA parties. These agreements, known as Foreign Investment Protection Agreements (FIPAs), are bilateral treaties that promote and protect foreign investment through a system of legally binding rights and obligations based on the same principles found in the NAFTA. Within Canada's overall foreign investment strategy, FIPAs complement the NAFTA. Canada has negotiated FIPAs with countries in Central Europe, Latin America, Africa and Asia, and has over 100 international tax treaties in force. Please refer to the following Internet web site for more information: www.fin.gc.ca

OPIC and Other Investment Insurance Programs

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Because of Canada’s status as a developed country, **OPIC does not operate in Canada**.

Labor

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The Federal government and Provincial/territorial governments share jurisdiction for labor regulation and standards. For example, employees in the railroad, airline and banking sectors are covered under the federally administered "Canada Labor Code," while employees in most other sectors would come under provincial labor codes. As the laws do vary somewhat from one jurisdiction to another, it is advisable to contact a federal or provincial labor office for specifics such as minimum wage and benefit requirements. Over the past several years, job growth has been faster in Canada than in the US. Labor at all skill levels is generally available in Canada, although there are shortages in certain categories of labor, such as in the Information Technology sector.

Due in part to the lower value of the Canadian dollar relative to the US dollar, Canadian wage and benefit levels for most non-executive job categories are somewhat lower than levels paid in the United States. The union participation rate is about twice that seen in the United States.

Foreign-Trade Zones/Free Ports

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For Americans, NAFTA means that Canada operates as a free trade zone for products made in the U.S. American made goods can enter Canada duty free, which negates any advantage that would traditionally be ascribed to a free trade zone. The city of Vancouver is working to establish a free trade zone in association with its airport, but this would be primarily for imported goods from Asia. This would allow for pre-customs final assembly and for pick-and-pack services to operate outside of the Canadian customs territory. Again, this would not apply to American made products imported into Canada under a NAFTA certificate.

Foreign Direct Investment Statistics

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Amounts are in US$.

On historical cost basis, Canada is the second largest recipient of US direct investment abroad (after the UK), receiving 10.8% of US investment. US direct investment in Canada increased by $22.2 billion in 2003, reaching $192.4 billion (historical cost basis).

Canada accounts for 7.6% of FDI in the US, following the UK, Japan, Germany, the Netherlands, France and Switzerland, and tied with Luxemburg. In 2003 Canadian FDI in the US increased by $8.8 billion to $105.3 billion. (The Manulife purchase of John Hancock will cause a blip in 2004.)

According to Statistics Canada, net acquisitions in Canada have been negative for the third time in the past four quarters. (That is, Canadians are buying back from foreign investors.)

From Statistics Canada, Canada's Balance of International Payments, 3Q2004, the following (in C$).

	Canadian to US(C$)	US to Canada(C$)	Exchange rate
1999	15.2 billion	36.5 billion	.6730
2000	33.7 billion	17.5 billion	.6733
2001	28.2 billion	38.5 billion	.6458
2002	15.4 billion	28.1 billion	.6368
2003	7.7 billion	5.9 billion	.7135

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Canada's Department of Finance

www.fin.gc.ca

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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Although terms vary from one industry to another and among trading channels, US manufacturers exporting to Canada generally give a discount of one or two percent of the invoice if paid within ten days. American firms exporting to department stores tend to offer between eight and ten percent discount for settlement within ten days. Normal precautions in dealing with a first-time customer should be exercised, and safeguards instituted wherever possible, at least until a satisfactory relationship has been established. The many bank branch offices in Canada and the United States should help maintain maximum flexibility for methods of payment, and facilitate the settlement of accounts.

The disposition of charges on export collections or letters of credit through normal banking channels should be resolved between the exporter and the buyer at the time of sale. Canadian buyers will often accept these charges, but an unexpected bill may cause irritation and, if there has been no prior consent to the charge, the foreign buyer has the right to refuse to pay. When this happens, banks are entitled to deduct the collection charges from the remittance under the terms of the "Uniform Rules for the Collection of Commercial Paper" developed by the International Chamber of Commerce.

How Does the Banking System Operate

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The financial services chapter of the NAFTA, which entered into force on January 1, 1994, establishes a comprehensive set of rules to govern trade and investment in financial services among the three signatory countries (the United States, Canada, and Mexico). US banks now enjoy a right of establishment and a guarantee of national treatment in Canada. NAFTA also established a Financial Services Committee to supervise implementation of the chapter and deal with any banking issues that arise between the three countries. If differences of interpretation cannot be resolved by the Committee, the NAFTA parties can take the issue to a dispute settlement mechanism.

Foreign-Exchange Controls

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The Canadian dollar is fully convertible. Canada has no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals are able to deal in foreign funds or arrange payments in any currency they choose.

U.S. Banks and Local Correspondent Banks

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All major banks in Canada have the ability to do business in the U.S. and in US$.

Following is the contact information for the "Big Six" Canadian Schedule I Banks.

Bank of Montreal
1 First Canadian Place
100 King St. West, P.O. Box 3
Toronto, Ontario
M5X 1A3
Tel: (416) 867-5050
Website: http://www.bmo.com/

Canadian Imperial
Bank of Commerce (CIBC)
Commerce Court
Toronto, Ontario
M5L 1A2
Tel: (416) 980-2211
Website: http://www.cibc.com/

Toronto Dominion Bank
Toronto Dominion Center
55 King Street W.
Toronto, Ontario
M5K 1A2
Tel: (416) 982-4900
Website: http://www.tdcommercialbanking.com/

Scotiabank
Scotia Plaza
44 King Street West
Toronto, Ontario
M5H 1H1
Tel: (416) 866-6430
Website: http://www.scotiabank.ca/

Royal Bank of Canada
200 Bay Street, Main Floor
Royal Bank Plaza
Toronto, Ontario
M5J 2J5
Tel: (416) 974-3940
Website: http://www.rbc.com/

National Bank of Canada
50 O'Connor Street
Suite 205
Ottawa, Ontario

K1P 6L2
Tel: (613) 236-7966
Fax: 613-236-0882
Website: http://www.nbc.ca/

Major US Commercial Banks in Canada

Bank of America Canada
200 Front Street West, Suite 2500
Toronto, Ontario
M5V 3L2
Tel: (416) 349-4100
Fax: (416) 349-4285
Internet website: http://www.bankamerica.com/

Bank of America Canada in Quebec
1250 René-Lévesque West, Suite 4335
Montreal, Quebec
H3B 4W8
Tel: (514) 938-1600
Fax: (514) 938-1601
Internet website: http://www.bankamerica.com/

Citibank Canada
123 Front Street West
Toronto, ON
M5J 2M3
Tel: (416) 947-5500
Internet website: http://www.citibank.ca/

Project Financing

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Canada does not qualify for project financing from any of the multilateral development banks, such as the World Bank or the Inter-American Bank for Reconstruction and Development. However, commercial banks in Canada and large US banks with a Canadian presence typically fill this need by putting together financing packages for large-scale capital projects.

US firms exporting to Canada will not find any strong need for government-backed export insurance against exigencies that may typically be found in many third-country markets. Ex-Im Bank is moderately active in financing US exports to Canada. OPIC programs are **not available in Canada**. With proper application of sound business principles, however, American firms should be able rely on commercial banks as they do in the US domestic market and to avoid most of the problems that require extensive export financing insurance.

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

The UN and Business: http://www.un.org/partners/business/index.asp

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Chapter 8: Business Travel

Business Customs

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Business customs in Canada closely mirror those in the United States. This is not to say, however, that doing business in Canada is exactly the same as doing business in the United States. US business travelers to Canada should be sensitive to cultural and linguistic differences and allow adequate time for the development of personal contacts in business dealings.

Travel Advisory Return to top

None

Visa Requirements

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Citizens or legal permanent residents of the United States do not require entry visas and can usually cross the border between the United States and Canada with minimal difficulty or delay. To expedite border crossings, native-born US citizens should carry either a passport, or a birth certificate and photo ID, such as a driver's license. Naturalized American citizens should carry either a passport, or a naturalization certificate as well as a photo ID. Legal permanent residents of the United States are advised to carry their alien registration card.

The North American Free Trade Agreement facilitates the movement of US and Canadian business travelers across each country's borders through streamlined procedures. These procedures assure that qualified persons will be permitted entry into Canada on a temporary basis. Individuals wishing to enter Canada under any of the four categories (business visitors, NAFTA professionals, traders and investors, or intra-company transferees) must be US or Mexican citizens. Business travelers and dependents must also satisfy any other admission requirements of the Canadian Immigration Act. For more information on temporary entry of American businesspersons to Canada, Immigration and Citizenship Canada's website: http://www.cic.gc.ca/or contact the Canadian Embassy in Washington: Tel: (202) 682-1740 or Fax: (202) 682-7689.

American citizens and other visitors to Canada may bring certain personal goods into Canada duty and tax-free provided that all such items are declared to Canada Customs and Revenue upon arrival and are not subject to restriction. The temporary entry of certain types of business materials (e.g., brochures, commercial samples, and audio-visual projection equipment) may either be subject to the full or reduced rate of duty and tax. If the goods are eligible for free entry, a refundable security deposit -- in the form of cash or bond -- may be required. For further information, please contact the Canada Customs and Revenue representative at the Canadian Embassy in Washington.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

Telecommunications [Return to top]

Telecommunications networks are highly sophisticated in Canada and comparable with those of the United States. Canada is integrated with the US direct-dial long-distance telephone system. (Dial one, the area code and the number, just like making a long-distance call in the United States). All forms of communication and transmission are possible, including voice, text, data, and video.

Transportation

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Except in remote areas of the north, Canada possesses an advanced transportation system comparable to that of the United States. An extensive air network links all major, and many minor, traffic points with adequate connections to the United States and the rest of the world. Travel between the United States and Canada has been enhanced with the implementation of the Open Skies Agreement between the two countries. As of July 2003, Air Canada had roughly 75 percent of the domestic market and no major national competition. This situation results in domestic airfares that, on a per-mile basis, are generally higher than fares in the United States.

A good highway system, with less emphasis on interstate roads, exists within 200 miles of the US border and supports heavy truck, bus, and automobile traffic. Canada also has an extensive railway system connecting the country from the Atlantic to the Pacific. The Canadian National Railway handles only cargo, while VIA Rail provides passenger service. In addition, all large cities have a public transit system. The operation of public transport is frequently subsidized by provincial and local governments, making most fares reasonable.

In spite of extensive public transport arrangements, Canada is as much an "automobile society" as is the United States. Gasoline is sold in liters in Canada, and Canadian safety standards for cars are similar to those in the United States. Left-hand-drive vehicles are standard and traffic moves on the right side of the road. International highway symbols are used in Canada, and distances and speed limits are given in kilometers. Seat belts and infant/child seat restraints are mandatory in all Canadian provinces. Fines are imposed for non-use of seat belts and child restraints.

Language Return to top

American visitors to Canada should pay particular attention to the fact that the country is officially bilingual, with English and French as the national languages. English is the language spoken in the geographical majority of the country and is also the generally accepted language of business. French is spoken primarily in Quebec and is the official language of that province. The province of New Brunswick is bilingual, with the largest French-speaking population outside of Quebec. A recognition that French is the primary language spoken by a large number of Canadians will be greatly beneficial in helping build relationships with Canadian business partners in Quebec and in other French-speaking areas of the country.

In recent years there has been a huge influx of emigrants from around the world. There are large populations of Canadians and “landed immigrants” (legal non-citizen residents) who speak Spanish, Mandarin, Cantonese, and a variety of Arabic dialects. One recent report indicated that the number of Spanish speakers is now approaching the number of French speakers. Large Chinese communities are found in Toronto and Vancouver that form a sizable market themselves.

Health

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Canada has no special health risks. Standards of community health and sanitation are comparable to those in the United States. Competent doctors, dentists, and specialists of all types are available, and medical training is equivalent to that in the United States.

Most food and other consumables available in the United States can be found in Canada. Canadian prices for food and general consumer goods are sometimes higher than US prices, but this may be offset by a favorable US-Canadian dollar exchange rate.

Local Time, Business Hours, and Holidays Return to top

Local business hours parallel the U.S., with a 5-day week—Monday-Friday, generally starting the workday at between 8:00 a.m. and 9:00 a.m. Local holidays are as follows:

Saturday, January 1, 2005	New Year's Day
Monday, February 21, 2005	Family Day, Canada (Alberta only)
Friday, March 25, 2005	Good Friday
Monday, March 28, 2005	Easter Monday
Monday, May 23, 2005	Victoria Day
Friday, June 24, 2005	St. Jean Baptiste Day (Quebec only)
Friday, July 1, 2005	Canada Day
Monday, August 1, 2005	Civic Holiday (most provinces)
Monday, September 5, 2005	Labour Day
Monday, October 10, 2005	Thanksgiving Day*
Friday, November 11, 2005	Remembrance Day
Monday, December 26, 2005	Christmas Day
Tuesday, December 27, 2005	Boxing Day

** In Canada, when a holiday falls on a Saturday or Sunday, it is observed the following Monday*

Temporary Entry of Materials and Personal Belongings Return to top

Under NAFTA rules, there are no special restrictions on personal items.

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United States Embassy in Canada: http://www.usembassycanada.gov/

Immigration and Citizenship Canada website: http://www.cic.gc.ca/

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas: http://www.unitedstatesvisas.gov/

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Chapter 9: Contacts, Market Research, and Trade Events

Contacts [Return to top]

A. US Embassy and Consulates in Canada

Commercial Service Canada's home page address on the Internet is:
http://www.buyusa.gov/canada

US Embassy - Ottawa
Commercial Service
United States Embassy
PO Box 866, Station "B"
Ottawa, Ontario K1P 5T1
Tel: (613) 688-5217
Fax: (613) 238-5999
Contact: Thomas Lee Boam, Minister Counselor
E-mail: Ottawa.office.box@mail.doc.gov

US Consulate General - Calgary
Commercial Service
615 Macleod Trail SE, Suite 1000
Calgary, Alberta T2G 4T8
Tel: (403) 265-2116
Fax: (403) 266-4743
Contact: Terri Sorgi, Principal Commercial Officer
E-mail: Calgary.office.box@mail.doc.gov

US Consulate General - Halifax
Commercial Service
Purdy's Wharf II, Suite 904 – 1969 Upper Water St.,
Halifax, Nova Scotia B3J 3R7
Tel: (902) 429-2482, ext. 102
Fax: (902) 429-7690
Contact: Richard Vinson, Commercial Specialist (FSN)
E-mail: Halifax.office.box@mail.doc.gov

US Consulate General - Montreal
Commercial Service
1155 St. Alexandre Street
Montreal, Quebec H5B 1G1
Tel: (514) 398-9695 ext. 2260
Fax: (514) 398-0711
Contact: Richard Kanter, Principal Commercial Officer
E-mail: Montreal.office.box@mail.doc.gov

US Consulate General – Toronto
Commercial Service
480 University Avenue, Suite 602
Toronto, Ontario M5G 1V2
Tel: (416) 595-5412, ext. 221
Fax: (416) 595-5419

Contact: Michael Keaveny, Principal Commercial Officer
E-mail: Toronto.office.box@mail.doc.gov

US Consulate General - Vancouver
Commercial Service
1095 W. Pender Street, 21st Floor
Vancouver, British Columbia V6E 2M6
Tel: (604) 685-3382 ext. 278
Fax: (604) 687-6095
Contact: Robert Jones, Principal Commercial Officer
E-mail: Vancouver.office.box@mail.doc.gov

B. US-Canadian Bilateral Business Councils, Chambers of Commerce & others

The American Chamber of Commerce in Canada
260 Adelaide Street East, Box 160
Toronto, Ontario M5A 1N1
Tel: 416-738-7714
Website: www.amchamcanada.ca

Canadian-American Business Council
1900 K Street NW
Washington, DC 20006
Tel: (202) 496-7340
Fax: (202) 496-7756
Website: http://www.canambusco.org/

C. Canadian Trade and Industry Associations

Aerospace Industries Association of Canada (AIAC)
60 Queen Street, Suite 1200
Ottawa, Ontario
K1P 5Y7
Tel: (613) 232-4297
Fax: (613) 232-1142
Website: http://www.aiac.ca/

Alliance of Manufacturers and Exporters Canada (AMEC)
5995 Avebury Road, Suite 900
Mississauga, Ontario
L5R 3P9
Tel: (905) 568-8300
Fax: (905) 568-8330
Website: http://www.cme-mec.ca/

Automotive Industries Association of Canada
1272 Wellington Street
Ottawa, Ontario

K1Y 3A7
Tel: (613) 728-5821
Fax: (613) 728-6021
Website: http://www.aiacanada.com/

CATA Alliance (Canadian Advanced Technology Association)
388 Albert Street
Ottawa, Ontario
K1R 5B2
Tel: (613) 236-6550
Fax: (613) 236-8189
Website: http://www.cata.ca/

Canadian Chamber of Commerce
Delta Office Tower
350 Sparks Street, Suite 501
Ottawa, Ontario
K1R 7S8
Tel: (613) 238-4000
Fax: (613) 238-7643
Website: www.chamber.ca

The Canadian Association of Importers & Exporters, Inc.
438 University Avenue, Suite 1618
Toronto, Ontario
M5G 2K8
Tel: (416) 595-5333
Fax: (416) 595-8226
Website: http://www.importers.ca/

Conference Board of Canada
255 Smyth Road
Ottawa, Ontario
K1H 8M7
Tel: (613) 526-3280
Fax: (613) 526-4857
Website: http://www.conferenceboard.ca/

Information Technology Association of Canada (ITAC)
2800 Skymark Avenue, Suite 402
Mississauga, Ontario
L4W 5A6
Tel: (905) 602-8345
Fax: (905) 602-8346
Website: http://www.itac.ca/

Greater Ottawa Chamber of Commerce
1701 Woodward Drive, Suite LL-20
Ottawa, Ontario
K2C 0R4
Tel: (613) 236-3631

Fax: (613) 236-7498
Website: http://www.greaterottawachamber.com/

OCRI, Ottawa Economic Development
36 Steacie Drive
Ottawa, Ontario
K2K 2A9
Tel: (613) 592-8160
Fax: (613) 592-8163
Website: http://www.ocri.ca/

D. Federal Canadian Government Contacts in Canada

Department of Agriculture and Agri-food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, Ontario
K1A 0C5
Tel: (613) 759-1000
Fax: (613) 759-6726
Website: http://www.agr.ca/

Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 944-4000
Fax: (613) 944-4500
Website: http://www.dfait-maeci.gc.ca/

Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 944-2010
Fax: (613) 941-1000
Website: http://www.ic.gc.ca/

Industry Canada (for federal labeling requirements)
Consumer Packaging and Labeling Section
Merchandise Standards Division
Consumer Products Branch
Place du Portage, 22nd Floor
50 Victoria Street
Hull, Quebec
K1A 0C9
Tel: 1-800-348-5358
Fax: (819) 997-0324

Office de la Langue Francaise
(Office of the French Language – for Quebec labeling requirements)
Public Relations Services
125 Sherbrooke Street West
Montreal, Quebec
H2X 1X4
Tel: (514) 873-6565
Fax: (514) 873-3488
Website: http://www.olf.gouv.qc.ca/

Public Works and Government Services Canada
Place du Portage, Phase III
11 Laurier Street
Hull, Quebec
K1A 0S5
Tel: (819) 997-6363
Website: http://www.pwgsc.gc.ca/

Canada Customs and Revenue Agency
Connaught Building
555 Mackenzie Avenue
Ottawa, Ontario
K1A 0L8
Tel - Taxation inquiries: (613) 957-1382
Tel - Customs inquiries: (613) 991-0566
Website: http://www.cra-arc.gc.ca/

Standards Council of Canada
270 Albert Street
Suite 200
Ottawa, Ontario
K1P 6N7
Telephone: (613) 238-3222
Fax: (613) 569-7808
Website: http://www.scc.ca/

E. Canadian Commercial Banks

Following is the contact information for the "Big Six" Canadian Schedule I Banks.

Bank of Montreal
1 First Canadian Place
100 King St. West, P.O. Box 3
Toronto, Ontario
M5X 1A3
Tel: (416) 867-5050
Website: http://www.bmo.com/

Canadian Imperial
Bank of Commerce (CIBC)

Commerce Court
Toronto, Ontario
M5L 1A2
Tel: (416) 980-2211
Website: http://www.cibc.com/
Toronto Dominion Bank
Toronto Dominion Center
55 King Street W.
Toronto, Ontario
M5K 1A2
Tel: (416) 982-4900
Website: http://www.td.com/

Scotiabank
Scotia Plaza
44 King Street West
Toronto, Ontario
M5H 1H1
Tel: (416) 866-6430
Website: http://www.scotiabank.com/

Royal Bank of Canada
200 Bay Street, Main Floor
Royal Bank Plaza
Toronto, Ontario
M5J 2J5
Tel: (416) 974-3940
Website: http://www.rbc.com/

National Bank of Canada
50 O'Connor Street
Suite 205
Ottawa, Ontario
K1P 6L2
Tel: (613) 236-7966
Fax: 613-236-0882
Website: http://www.nbc.ca/

F. US Commercial Banks in Canada

Bank of America Canada
200 Front Street West, Suite 2500
Toronto, Ontario
M5V 3L2
Tel: (416) 349-4100
Fax: (416) 349-4285
Website: http://www.bankamerica.com/

Bank of America Canada in Quebec
1250 René-Lévesque West, Suite 4335

Montreal, Quebec
H3B 4W8
Tel: (514) 938-1600
Fax: (514) 938-1601
Website: http://www.bankamerica.com/

Citibank Canada
123 Front Street West
Toronto, ON
M5J 2M3
Tel: (416) 947-5500
Website: http://www.citibank.ca/

G. US Government Contacts in the United States

Trade Information Center
Tel: (800) 872-8723 or (202) 482-0543
Website: http://www.ita.doc.gov/td/tic/

US Department of Commerce
International Trade Administration
Office of International Operations - Western Hemisphere
Room 1202
14th and Constitution Avenue, NW
Washington, DC 20230
Tel: (202) 482-2736
Fax: (202) 219-9207
Contact: Danny Devito, Regional Director
Website: http://www.ita.doc.gov/

US Department of Commerce
International Trade Administration
Office of NAFTA and Inter-American Affairs
Room H-3024
14th and Constitution Avenue, NW
Washington, DC 20230
Tel: (202) 482-0393
Website: http://www.mac.doc.gov/nafta

US Department of Agriculture
Foreign Agricultural Service
1400 Independence Avenue, SW
Washington, DC 20250
Tel: 202-690-0752
Contact: Trade Assistance and Promotion Officer
Website: http://www.fas.usda.gov/

US Department of State
Bureau of Western Hemispheric Affairs
2201 C Street, NW Room 2663

Washington, DC 20520
Tel: (202) 647-7951
Fax: (202) 647-0791
Website: http://www.state.gov/

H. Canadian Government Contacts in the United States

Embassy of Canada
501 Pennsylvania Avenue, NW
Washington, DC 20001-2114
Tel: (202) 682-1740
Fax: (202) 682-7619
Website: http://www.canadianembassy.org/index2.asp

Canadian Consulate General - Buffalo
HSBC Center, Suite 3000
Buffalo, NY 14203-2884
Tel: (716) 858-9500
Fax: (716) 852-4340
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

Canadian Consulate General – Chicago
Two Prudential Plaza
180 North Stetson Avenue, Suite 2400
Chicago, IL 60601
Tel: (312) 616-1860
Fax: (312) 616-1877
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

Canadian Consulate General - Detroit
600 Renaissance Center, Suite 1100
Detroit, MI 48243-1798
Tel: (313) 446-4747
Fax: (313) 567-2164
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

Canadian Consulate General - Los Angeles
550 South Hope St., 9th Floor
Los Angeles, CA 90071-2327
Tel: (213) 346-2700
Fax: (213) 620-8827
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

Canadian Consulate General - New York
1251 Avenue of the Americas
New York City, NY 10020-1175
Tel: (212) 596-1628
Fax: (212) 596-1793
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

Canadian Consulate General - Seattle
412 Plaza 600 Building
Sixth Avenue and Stewart Street
Seattle, WA 98101-1286
Tel: (206) 443-1777
Fax: (206) 443-9662
Website: http://www.dfait-maeci.gc.ca/can-am/menu-en.asp?mid=1&cat=16

I. Listing of Selected Newspapers and Other Publications in Canada

The Toronto Star
One Yonge Street
Toronto, Ontario M5E 1E6
Tel: (416) 367-2000; Fax: (416) 869-4328
Website: http://www.thestar.com/
Circulation: 463, 000 daily; 786,000 Saturdays

The Globe and Mail
444 Front Street W.
Toronto, Ontario M5V 2S9
Tel: (416) 585-5000; Fax: (416) 585-5085
Website: http://www.theglobeandmail.com/
Circulation: 330,000 daily

The National Post
300 - 1450 Don Mills Road
Don Mills, Ontario M3B 3R5
Phone: (416) 383-2300
Fax: (416) 442-2209
Website: http://www.nationalpost.com/
Circulation: 309,000 daily

Le Journal de Montreal
Groupe Québécor Inc.
4545, rue Frontenac
Montreal, Quebec H2H 2R7
Tel: (514) 521-4545; Fax: (514) 521-2173
Website: http://www.journalmtl.com/jmtl/jdm_fr/index.htm
Circulation: 277,000 daily; 336,000 Saturdays

The Toronto Sun
Sun Media Corporation
333 King Street East
Toronto, Ontario M5A 3X5
Tel: (416) 947-2222; Fax: (416) 947-3119
Website: http://www.torontosun.com/
Circulation: 247,000 daily; 430,000 Sundays

The Province
Pacific Newspaper Group

#1, 200 Granville Street
Vancouver, B.C. V6H 3G2
Tel: (604) 605-2000; Fax: (604) 605-2308
Website: http://www.canada.com/vancouver/theprovince/index.html
Circulation: 216,000 daily

La Presse
7, rue St-Jacques
Montreal, Quebec H2Y1k9
Tel: (514) 285-7272; Fax: (514) 285-4816
Website: http://www.cyberpresse.ca/reseau/
Circulation: 190,000 daily; 331,000 Saturdays

The Ottawa Citizen
1101 Baxter Road
PO Box 5020
Ottawa, Ontario K2C 3M4
Tel: (613) 829-9100; Fax: (613) 596-3622
Website: http://www.ottawacitizen.com/
Circulation: 152,000 daily; 210,000 Saturdays

The Chronicle-Herald and The Mail-Star
1650 Argyle Street
Halifax, Nova Scotia B3J 2T2
Tel: (902) 426-2811; Fax: (902) 426-1158
Website: http://www.herald.ns.ca/
Circulation: 96,000 daily morning; 45,800 evening daily

The Edmonton Sun
250, 4990 - 92 Avenue
Edmonton, AB T6B 3A1
Tel: (780) 468-0261; Fax: (780) 468-0139
Website: http://www.canoe.ca/edmontonsun
Circulation: 85,000 daily; 113,000 Sundays

The Calgary Sun
2615 - 12 Street NE
Calgary, AB T2E 7W9
Tel: (403) 250-2000; Fax: (403) 250-4258
Website: http://www.fyicalgary.com/calsun.shtml
Circulation: 72,000 daily; 98,000 Sundays

Advertising and Business Publications:

Canadian Advertising Rates & Data
Rogers Media Publishing
One Mount Pleasant Rd
Toronto, Ontario M4Y 2Y5
Tel: (416) 596- 5000; Fax: (416) 596-5158

Website http://www.cardmedia.com/
Email: card@rmpublishing.com

Shows and Exhibitions
Rogers Media Publishing
One Mount Pleasant Rd
Toronto, Ontario M4Y 2Y5
Tel: (416) 596-5000; Fax: (416) 596-5158

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents.html

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

(Insert link to Products and Services section of local buyusa.gov website here.)

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